



**ASIC**

Australian Securities & Investments Commission

**REPORT 378**

# **Consumer testing of the MySuper product dashboard**

December 2013

## **About this report**

This report was commissioned by ASIC and produced by Latitude Insights.

It sets out the results of the consumer testing of the MySuper product dashboard.

*Consumer testing of  
the MySuper  
Product Dashboard*

Prepared for ASIC  
September 2013

---



# Contents

Background	3
› Need for Research	4
› Research Objectives	5
› Research Methodology	6
› Approach to discussions	10
› Interpretation of qualitative research findings	11
The Main Findings	12
› Executive Summary	13
› Contextual Information	15
› Consumer response to the Dashboard	25
› Overall response to the Preliminary Dashboard Design	27
› Interacting with the Dashboard	34
› Response to specific elements of the Dashboard	36
› Return Target and Past Returns	37
› Risk and Fees	44
› Response to Landing page & other features	53
› A closer look at the figures	58
› Appeal of the revised Dashboard	61
› Beyond the Dashboard	70
Conclusions & Recommendations	74
Appendix	78
› Preliminary Dashboard	80
› Preliminary Dashboard comparison	81
› Alternative Dashboard presentation	82
› Return Target Alternatives	83
› Risk and Fees Alternatives	84
› Dashboard landing page	85
› Investment mix pie chart	86
› Revised Dashboard	87

# *Background*

---



## *Need for the Research*

---

Legislation and regulations to implement the Stronger Super reforms have been introduced progressively since 2011 and MySuper is one of the key features of these reforms. MySuper is a new low cost and simple superannuation product that has been introduced as a result of findings that many consumers do not have the interest, information or expertise required to make informed choices about their superannuation.

MySuper products will have a simple set of product features, regardless of the super fund providing them, designed to allow people to more easily compare funds. To facilitate this, from 31 December 2013, all MySuper product providers will be required to disclose a simplified set of key product features in a standard format. This format will be the Product Dashboard - a single page summary of each MySuper product .

Some super funds have been offering MySuper accounts since 1 July 2013, and from 1 January 2014, all Australians who have not chosen a super fund will have their super paid into a MySuper account as the default account. Further, by 1 July 2017, super funds will need to have transferred all existing default balances into MySuper accounts. This means that over the next few years, many Australians will become MySuper members.

Given that the Product Dashboard will soon have a very large role in enabling Australians to compare between super products, it is highly important that it is designed to achieve the intended communication objectives with consumers. As a result, ASIC was supportive of consumer testing of the Product Dashboards being conducted (see [media release](#)) to ensure the dashboard meets its objectives. The findings from the research will be used to inform the regulations and guidance provided to industry about the presentation (tables, picture, font and so on) and content of the Product Dashboards.



## Research Objectives

---



*To determine if the Product Dashboard will assist people to make better comparisons and decisions with their super, and lead to more confident and informed financial consumers*

---

The research had the primary objective of testing and providing feedback on the consumer experience of the Product Dashboard and to determine how well it communicates with consumers.

The specific research objectives were to:

- › test the effectiveness, including consumer understanding, and appeal of various Product Dashboard designs (both within and outside current legislation);
  - › highlight any issues with the proposed designs and their underlying elements;
  - › suggest and test alternative Product Dashboards;
  - › explore how the Product Dashboard would be used by consumers;
  - › determine what information and tools ASIC (through MoneySmart), Treasury and others (such as Super funds) could provide to assist consumers to use the Dashboard effectively.
-

# *Research Methodology (1)*

---

## **Online Community**

8 moderator-generated discussions posted over a two-week period among 54 community members drawn from metropolitan and regional locations across Australia.

## **In-depth Interviews**

Three face-to-face interviews of 30 minutes in length were conducted following the online community in Sydney. These were included to incorporate some brief testing of a hard copy of the Dashboard.

## **Timing for fieldwork:**

Online Community: 23 August – 6 September 2013

In-depth Interviews: 9 September 2013



## *Research Methodology (2)*

---

### **Target Audience**

All participants were Australian permanent residents or citizens aged 18 years and over, employed and earning more than \$450 before tax in a calendar month and have super accounts or are in the process of having one created. Quotas were used to ensure a variety of community members split by gender, age, geographic area, with different super balances and levels of financial literacy (see member profile overleaf).

Members of a Defined Benefit or Self Managed Super Fund (SMSF), people who work in the finance sector, ASIC, ATO, Treasury and APRA employees, those unable to use a computer or read English and those not at all interested in accessing information about super were excluded from the research.

### **Recruitment**

The majority of community members were recruited through research only online panels using a screening questionnaire. However, we also used more traditional recruitment processes (i.e. specialist qualitative research recruiters) to ensure representation of more irregular users of computers and the internet. Recruitment for in-depth interviews was also completed through specialist recruitment agencies using the same screening questionnaire.

---

# Online community member profile



## Gender

Male	<b>54%</b>
Female	<b>46%</b>

## Age

18-24	<b>2%</b>
25-34	<b>43%</b>
35-44	<b>30%</b>
45-54	<b>13%</b>
55-65	<b>13%</b>

## Location

VIC	<b>34%</b>
NSW	<b>26%</b>
QLD	<b>23%</b>
SA	<b>7%</b>
WA	<b>4%</b>
TAS	<b>6%</b>
ACT/ NT	<b>2%</b>

## Region

Metropolitan	<b>76%</b>
Regional	<b>24%</b>



## Super balance

Less than \$40,000	<b>28%</b>
\$40,000 to \$99,999	<b>48%</b>
\$100,000 or more	<b>24%</b>



## Attitude towards super

Never even think/have no/don't take much interest in my super, not even sure how much/what sort	<b>6%</b>
Know a bit about my super fund but still don't think about super much in between annual statements	<b>46%</b>
Try to keep up with how my super is going/check from time to time	<b>31%</b>
My super is an important part of planning for my future so I regularly review to get the best performance I can	<b>17%</b>



## Financial approach

Pay low attention to financial matters	<b>17%</b>
Pay medium attention to financial matters	<b>54%</b>
Pay high attention to financial matters	<b>30%</b>

## Qualitative Sample – In-depth interviews

Int	Description	Location
1	Male, 30 years old, knows a bit about his super fund, likes to be highly informed when making financial decisions, with a super balance of \$100k or more	Sydney
2	Female, 30 years old, tries to keep up with how her super is going, tries to plan for her financial future, with a super balance of \$40k-\$99k	
3	Male, 39 years old, regularly reviews his super, thinks it is important to keep a watch on his finances, with a super balance of \$40k-\$99k	



## Approach to discussions

---



*A semi-structured discussion guide was used with modifications made given the iterative nature of the research*

---

The guide covered the following areas:

- › General attitudes towards super;
  - › How consumers choose a super fund and what features are important?
  - › Reactions to the Product Dashboard – what do they like/dislike? What is the information telling them? How easy is it to understand?
  - › Feedback on each part of the Dashboard in detail: Past Returns information, Return target Information, Risk & Fee;
  - › Attitudes towards the look and feel/presentation;
  - › What features are missing? What else would help the consumer assess and compare funds?
  - › Reactions to the revised Product Dashboard - comparison to original Dashboard and understanding of preference.
-

## *Interpretation of qualitative research findings*

---

The research approach employed in this study was qualitative in nature. Qualitative research is designed to gain an in-depth understanding of the behaviour and attitudes of the target market or niche of interest and the drivers of that behaviour.

Because of its in-depth, exploratory nature, qualitative research necessitates the use of a small sample of people, employs an unstructured process of discussion and uses specific techniques to delve beyond superficial responses to gain meaningful insight and direction.

In this case, the use of an online methodology allowed for the inclusion of a number of key sub groups regarding attitudes towards superannuation and their finances, and comparison between sub groups have been made. It is, however, based on a small sample and care should be taken in the interpretation of findings.



# *The Main Findings*

---



# *Executive Summary*

---

## **Attitudes to Super that impact on Expectations of the Dashboard**

Post GFC, there is considerable negativity and a lack of trust in compulsory superannuation; the Dashboard has strong potential to encourage proactivity with super and enhance attitudes.

In general, only simple fundamentals on Return, Risk and Fees should be shown with more detail accessed via mouse rollover click, hyperlink or ALT text type tool to convey transparency.

## **Reactions to the Dashboard**

The revised design is simple and impactful but aesthetically, there is a sense it is 'dated' – further revision of look and feel recommended to meet industry benchmarks and maximize engagement and perceived credibility.

Consumers expect and want the Dashboard to be available in annual statements and on super fund, Government (ATO, MoneySmart) and comparison websites (in a similar way to insurance).

## **Return Target and Past Returns**

Past Returns – A simple graph has more visual appeal and is easier to absorb than text. Lines overlaid on bar charts are too complex. Allow users to see Returns for one, 5, 10 years ago and ensure consistent scales across funds.

Return Target Term - Many were confused by 'Return target' and 'Current Return target' – 'Return target 2014-2023' is easiest to understand; provide a definition of 'Return target' accessed via mouse rollover or hyperlink.

Consumers also ask for actual past year return vs. predicted, but this may detract from long-term view.

Return Target Figure - '3% above inflation, fees and taxes per year' is the clear, plain language consumers are seeking, ideally, from an independent source. Avoid terms like CPI and AWOTE.

# *Executive Summary*

---

## **Risk and Fees**

Risk is difficult to understand and has potential to confuse, but there was no evidence the term 'High Risk' scares or alienates consumers. Although confusing, a more complex approach to risk that was tested facilitates understanding of products' suitability for individuals. If the more complex approach is used (though not the recommended approach), provide a simple explanation of risk with a drop down menu to calculate risk profile.

## **Other issues**

Dashboard Layout and Presentation – location of Risk and Fees section on the page depends on how the individual assesses super funds and whether text or drop down menus are used. If text alone, top of page location lends greater priority and sense of transparency to the dashboard. A simple drop box at top of page with industry average for comparison works well.

A pie chart on Asset Allocation/Investment Mix and information on Liquidity is best provided through 'rollover' mouse clicks (or similar) as it would otherwise clutter the Dashboard.

## **Beyond the Dashboard:**

A landing page for users to select lifestage/age group and determine appropriate investment mix helps users find the appropriate Dashboard for their circumstance.

Consumers want to easily compare Dashboards side by side to find fund/ product for them as well as a calculator tool to change variables to see the impact on fees, return and value at retirement. Promotion of the MoneySmart Retirement Planner (e.g. via links from the Dashboard) is recommended for this purpose.

## **Overriding Implications**

The findings reported are based on consumer attitudes expressed during the research. It will ultimately be at the discretion of the regulator to consider what is best for the user as consumers themselves are not necessarily the best judge of their needs regarding superannuation.

# *Contextual Information*

---



## *Superannuation is viewed with considerable negativity*

---

Prior to exposure of the Dashboard concepts and specific discussion of the stimulus material, community participants discussed top of mind issues regarding superannuation, the aspects they find confusing, and informational areas they are seeking.

These discussions revealed a high level of negativity that currently exists, as demonstrated by the breadth of negative terminology mentioned in initial discussions. The Wordle below shows the terms when used in a negative context.



There were also individuals who expressed very positive attitudes towards superannuation, particularly those having experienced significant growth in their fund, viewing the compulsory, controlled aspect of super in a positive light.

## *Choice of fund often not their OWN*

---



### *This contributes to a sense of being ill-informed, out of control and leads to disengagement*

---

Many participants in this research had not made an active choice of their super fund when first joining, simply having accepted the fund they were allocated by their employer at the time.

Whilst some have made a more conscious choice of super fund, particularly when combining multiple accounts into one, many have their savings invested with a fund they know little about or how it performs relative to others available.

As a consequence, some feel nervous and vulnerable which leads to disengagement and lack of interest in the subject of super.

*“The way I chose my super fund wasn’t complicated. When I started working for my employer they put me in a fund and that’s the one I have stuck with for the last 15 years.”*

*“Just blindly stumbling through the process hoping for the best.”*

---

## *Fear of a down turn is front of mind*

---



## *Provision of a quick snapshot of past and future performance can be reassuring*

---

Compounding the situation, stories and personal experiences of super funds being wiped out by the economic crisis have contributed to widespread concern about the long term committing of funds to superannuation.

Continuing uncertainty fuels concerns about locking money away where they feel they have little or no control.

Providing people with a tool to see a quick snapshot of how their fund has performed and is projected to perform helps to mitigate these fears.

*“... it's unpredictable and with one foul swoop your potential retirement funds could dwindle so far that you could be forced to work more years.”*

*“I knew some colleagues lost half of their self-contributed fund in the GFC. Super providers forced us into the investment!”*

*“I am wary of funds where there is no data over at least a 5 year period.”*

---

## *Many would like a simpler way*

---



## *The Dashboard has the potential to enhance attitudes towards superannuation*

---

Across the board, many participants of this research spontaneously requested a simpler, better way to assess their superannuation, compare funds and products and make choices.

Consequently, the concept of a simple Dashboard providing a tool to engage users meets this need and has strong potential to prompt them to be more proactive and take control of their financial future.

*“I haven't found a good way to compare different funds with my own...”*

*“I wish there was an easier way to get better educated on the best way forward with my super. I have to put so much faith in it and have little control.”*

*“Super is such an important part of planning for my future however, I feel I know almost nothing about it.”*

---

## *A lack trust in super funds*

---



### *People prefer information on risk that can be tailored to individual circumstances*

---

Consumers expressed a lack of trust of super funds, partly due to confusing, generic and technical information. This leads to concerns that it is designed to hide or disguise the truth.

They gain a greater sense of control when fully informed with information that has:

- › clear, plain language;
- › is tailored to their own individual circumstances.

*“...it all sounds like a sales pitch and no care for you, just that their fund is the best (we should have super brokers like with home loans to feed through all the crap and only give you the right info).”*

*“The information super funds provide I find confusing and misleading... overwhelming and hard to make practical sense of. I don't know how trustworthy and independent they are.”*

---

## *Two overriding considerations – a long term view and tailored to individual's circumstances*

---

Key features that people need to feel reassured about in regard to superannuation are:

1. Longevity – as super is a long term investment, people like to see a promise of performance over the long term. This includes both past performance as well as expected and projected Returns (there is only limited trust in projected Returns);
2. Personalisation – individuals gain some reassurance in being able to identify how a particular product / super fund applies to their individual circumstances, where possible they like to input their own information to see whether the product suits them.

Personalisation gives a greater sense of trust in the information as opposed to generic information that does not take into account their personal circumstances. This is underpinned by the lack of trust and knowledge that many have with the financial services sector and super funds.



## *Funds are mainly compared on return &/or risk*

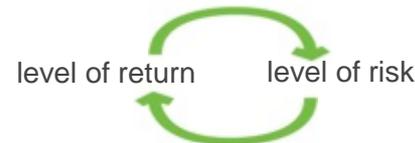
---



## *These two variables need strong standout & clarity*

---

The two key elements that individuals use to differentiate between superannuation funds are:



*“The most important aspect for me is the financial performance of the fund which ultimately determines how much money you have when you retire.”*

*“To select our super fund, we look into the choice of the funds and switch to different risk levels when you need to.”*

While not all understand their precise meaning, this is familiar terminology and most judge a super fund on one or other, or both.

Many do prioritise one over the other, and therefore regard that element as more important to show first or at least, ask that it is clearly and easily accessible. The Dashboard showed both of these elements clearly, enabling all to find the basic information sought.

Whether they favoured risk or return only had an impact on **the order in** which they wanted the information presented; ultimately the order did not impact on comprehension.

---

## *Some have a phobia of fees*

---



## *They appreciate transparent provision of actual costs vs. industry average*

---

In spontaneous discussions about super, many people complain about excessive fees and charges, particularly those with smaller balances or multiple accounts.

Some have been prompted to pay greater attention to their super by recent media attention on the subject, and have been disappointed to find their balances eroded by management fees.

*“I checked my son's (works part-time at [fast-food outlet]) statement recently, only to find that he had almost nothing in it because everything put in ... had gone in so called ‘management fees’.”*

*“The profits the funds generate at the end of their financial year when distributed doesn't really amount to a substantial gain because of the huge amounts deducted for admin costs etc.”*

*“Fees annoy me the most and with the way the market has been the last few years it's like we wasted our money in contributions.”*

---

## *Keep it simple*

---



## *Provide additional detail via rollovers or hyperlinks*

---

Despite varied expectations, given the intention of the Dashboard and the likelihood of use by people with lower levels of knowledge and interest in superannuation, the aim should be to provide the information in the ***simplest format possible***.

Predictably, the more informed seek out extra detail on the suitability of super funds.

This could be achieved using rollovers or hyperlinks to a glossary to access further information whilst ensuring added detail does not overwhelm those who seek the basics.

*“Everything looks straight forward, easy to find and wouldn't give you any troubles trying to find what you're looking for. It could be more complicated, but not if you're trying to cater for the general population...”*

---

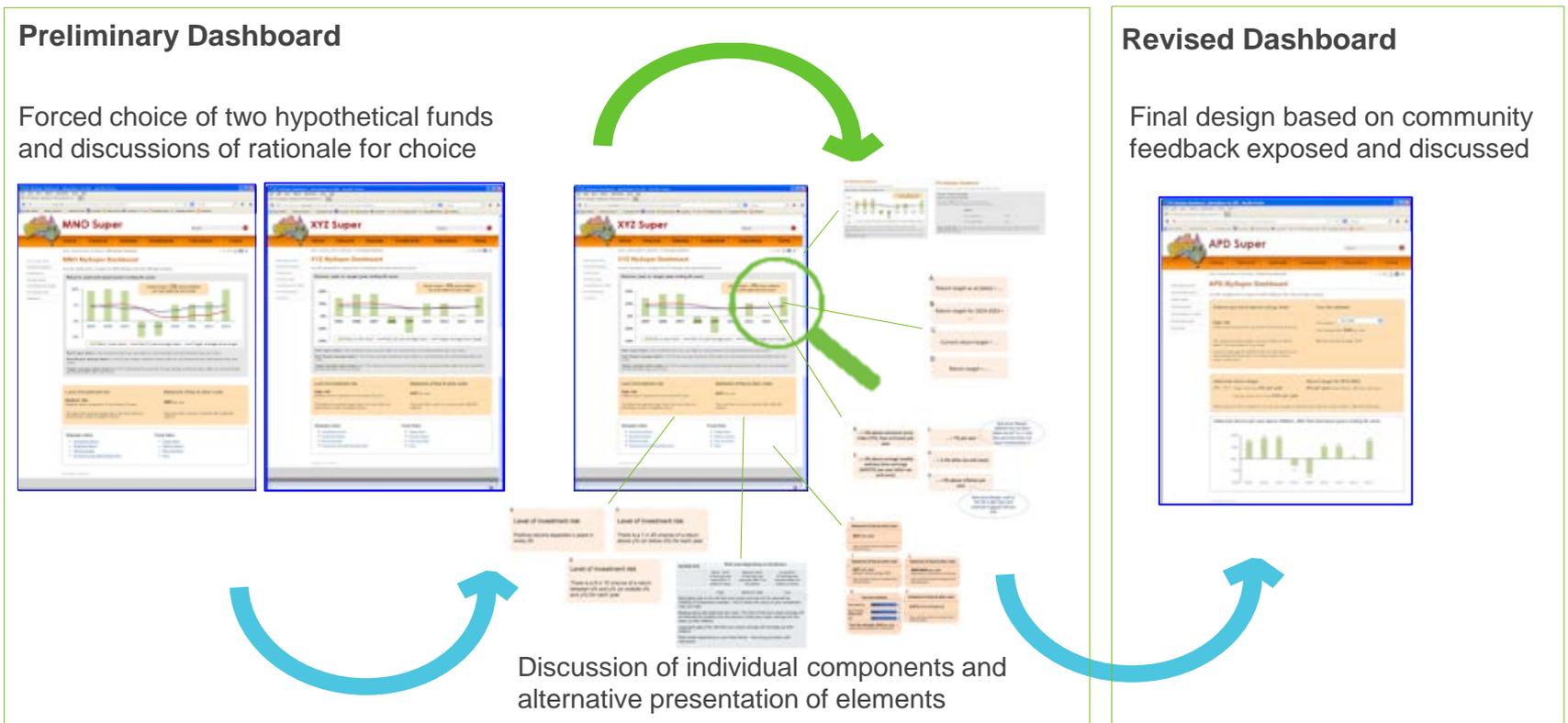
*Consumer response to  
to the Dashboard*

---



## The approach to presentation of research stimulus

Following introductory discussions of superannuation and the choice of current fund, two basic design alternatives were exposed to members of the community. The process of exposure was as follows:



*Overall response to  
the preliminary  
Dashboard design*

---



## Overall impact of preliminary design is positive



Spontaneous response to the preliminary design was positive. People highly approve of having access to a quick assessment of their super and comparison between products and funds.

Most importantly, the two key elements of **risk and return** are relatively easy to decipher. Recommendations to improve the level and depth of comprehension are discussed on the following pages.

*“The Dashboard made it really easy for me to choose. It compared funds in a brief and precise manner. It was easy to read.”*

*“... tells us the last 10 year return, risk level and fees quickly, concisely in a user-friendly interface. ... it would be what I was looking for to make a simple assessment.”*

*“Not cluttered with too much details; but important details that stand out.”*

## *Simplifying the language was recommended*

---



### *... as the preliminary design's content still confused less informed consumers*

---

Although received very positively, the level of comprehension of the content varied. Less informed consumers indicated that whilst it simplifies the subject of super for them, they still had difficulty. Some feel they need to see the actual dollars to comprehend it.

It was recommended that the language is simplified and explanation provided where needed to assist interpretation.

*"They are both hard to understand in only a short period of time to study. I don't have a clue what they represent in money terms."*

*"A single page is not as daunting to read through than a lengthy report... I am not completely at ease when trying to decipher super information."*

*"... can't tell in real terms what they mean so I wouldn't be able to choose either based on what is in the graph. A percentage means nothing to me but the total amount in my fund does."*

**RECOMMENDATION:** Simplify language and where possible present personalised information rather than 'representative' figures.

---

## *Visual presentation conveys the content*

---



## *Bright, clean and professional style*

---

Spontaneous comments towards the visual presentation of the Dashboard were not as forthcoming as respondents tended to focus on the content.

On prompting, the overall response was positive, often described as bright, clean and professional.

*“Very clean statement, easy to understand.”*

*“The information page is giving a nice clear picture of historical performance of the fund. It is appealing to the eye and is clear to understand. I would like this kind of set up on my own home page of my super fund.”*

*“Very easy to read and understand with not to many distracting things on the page.”*

---

## Dashboard has an 'older' design-style

---



### *A modern style & tone is important to engage users*

---

There was some feeling that the look is dated. Some described the design as looking like older web formatting and suggested adding more colour.

It is important that the presentation is in keeping with the style and tone of the industry standard in order to engage the interest of users and have credibility.

*“As for look and feel, it does appear to be a little dated and as if it belongs in Internet Explorer 5, but if it gives you exactly what you need, appearance doesn't mean anything to me.”*

*“I don't think the page was that zesty in my opinion. It could do with some colour.”*

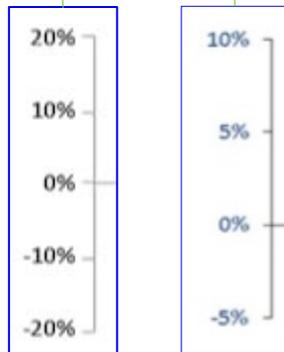
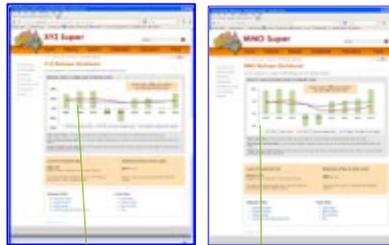
*“Layout of the page is clear and concise but uninspiring.”*

**RECOMMENDATION:** Maintain an engaging presentation at least equivalent to industry benchmark standards.

---

## Presenting Return on different axes is potentially misleading

Participants were first shown the preliminary Dashboard design using the data from two hypothetical funds.



Other than the fund statistics on return risk and fees, the primary difference between the two versions (not pointed out to participants), was that the axes of the Return graphs were different.

Participants were asked to indicate which one they would invest in (XYZ Super or MNO Super) based on this information alone, in 2-3 minutes. The purpose of this exercise was to determine if people noticed the different axes and/or were confused or misled by the information.

The exercise demonstrated that people could become easily confused if the information is not presented consistently across funds. Not all noted the different scales, some simply choosing on the basis of the 'higher graph'.

Many needed more than a few minutes to absorb all the information presented.

*"The last one, as it ends in a higher graph, thus making me have more money. I prefer MNO Super because of it's past performance and medium risk investment."*

*"Good on you noticing the performance from 20 to 10. That went over my head."*

## *A fair comparison when 'eye balling' needed*

---



### *Use consistent scales across funds and products*

---

The more informed user was more likely to notice the difference in axes and expressly insisted that equivalent scales need to be used.

*"I think the scales on the graphs should be the same: it is misleading the way they are currently."*

*"I would have liked to see both graphs set up with mirror data on the axis i.e. XYZ had -20/+20 and MNO had -5/+5 the different data sets presented different visual impressions ..."*

*"That's a very important point about the scale on the chart. Because they are different, a glance does not give you a fair assessment of the actual Returns."*

**RECOMMENDATION:** The Dashboards need to use a consistent scale in graphs across funds and products.

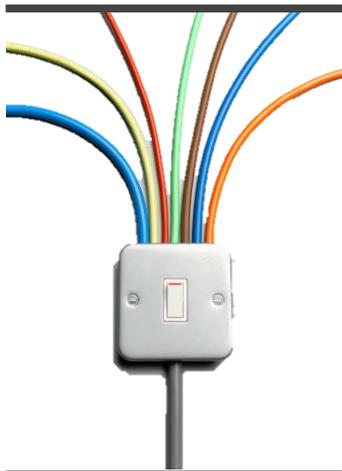
---

*Interacting  
with the  
Dashboard*

---



## *Desire to engage in multiple ways*



### *Statements, Superfund websites, Govt. and other comparison sites*

---

Consumers expect and want the Product Dashboard to be available for them to use in a number of places:

- › Their annual statements;
- › Super fund websites (of their own fund and others being considered);
- › Government websites (ATO, MoneySmart);
- › Comparison websites (in a similar way to insurance).

*“If I were choosing another super fund I’d do a comparison, hopefully there is a comparison website for this like there is for insurance etc... if there isn’t, then there should be!”*

*“The best thing to do is to look at ASIC’s Money Smart website, or a similar website, and check what things to compare (e.g. fees, investment options, extra benefits, performance, insurance and service) and what to look out for. Then use one of the super fund comparison websites available.”*

---

*Response to  
specific elements  
of the Dashboard*

---



*Return Target  
and Past  
Returns*

---



## Graphical presentation of past Returns is preferred

When given the alternative of presenting information on past Returns in text rather than graphically, most users clearly want to see a graph on past performance as it has more visual appeal and it is easier to absorb the information at a glance.

A graph also allows users to view performance year to year – for 1 year ago, compared to 5 and 10 years etc, which many regard as important.

There were a few who expressed a preference for charted information in text as they find graphs hard to read. The use of line charts overlaid on the bar chart in the preliminary design tended to complicate the graph and make it overwhelming.

When these lines were removed in the revised Dashboard, (discussed later), users unanimously approved of the use of a simple graph to show performance.

*“I prefer the graphical representation - you can convey a lot more information with a graph and it is less visually 'boring' than text.”*

*“We can look through the fund's performance over 5 or 10 year period in the graph chart.”*

**RECOMMENDATION:** Use a simple graph rather than a single figure of Past 1 year Return but other information such as Past 10 year average Return and Target average Return should be shown as text.



*or*



## Targets are viewed with suspicion

---

- A  
Return target as at [date] = ...
- B  
Return target for 2014-2023 =  
....
- C  
Current return target = ...
- D  
Return target = ...

## Need transparent figures with detail easily accessible

---

Respondents were shown four alternative ways to express the Return Target, shown opposite.

Given the level of distrust about the 'promises' / 'sales pitches' of superannuation funds, many individuals feel suspicious when looking at elements like return targets.

There are expected hidden fees or charges which negate the validity of the figure. On the one hand, people do not want to have to look for the fine print to understand what is, and is not, included but on the other hand, if it's too 'wordy' or uses unfamiliar terms, they will be confused. Both can be seen to imply something is being hidden.

Assuaging these suspicions requires use of clear, plain language that states the situation with transparency.

*“Why is this so complicated? Should super be this complicated? Plain English would be nice. Simple to understand is what I’m looking for. It’s almost like they are trying to hide something... like car salesmen.”*

---

## Confusion with 'Return Target'



### *Not all comprehend its meaning*

---

In general, many were confused by what a 'Return target' is and struggled to decide which option made more sense to them.

For this term to have any meaning to the less informed consumer, it needs to be simplified, either through:

- › provision of a simple definition of 'Return target' accessed via rolling the mouse cursor over the button to reveal more detail or provision of hyperlinks to access further information;
- › development of more consumer friendly language such as 'The projected return ....' (NOTE: alternative terms were not tested within this research).

Provision of the year range, (see overleaf), enhances comprehension since it indicates a future time frame.

*"What the heck is 'Return target'?"*

*"Return target is also important (as well as Current) to show the fund's ability to achieve the target."*

---

## *Super is a long-term investment*

---



### *People want to see the long-term projections*

---

Despite confusion with the term, the fact that super is a long-term investment means that consumers are looking for a long-term view.

For this reason, Option B, the 'Return target for 2014-2023' was the preferred option as it fulfilled this need to demonstrate a promise of longevity.

*"I find return target 2014 - 2023 to also be more informative. It is good to know what the long-term performance should be given the nature of the investment."*

*"The return target should be something like example B because it should specify over what period of time they are talking about."*

**B**  
Return target for 2014-2023 =  
....

---

## *'Current return' is misunderstood*

---



### *Clarify predicted vs. actual Return*

---

A number of times during discussion of the alternatives, participants asked to see both 'Return target' and 'Current Return target'.

These requests demonstrated that participants had misunderstood the two terms, seeing 'Return target' as a projection into the future and 'Current Return target' as the targeted return for the current year.

Users indicated that it is important to view both to obtain an indication of whether the fund is achieving its targets as well as what the fund believes the return will be in the future.

To provide a sense of transparency, some people asked to see the Return for the past year versus what the projected Return was. However, this may detract from them taking a long-term view and should be considered in this context.

Key to these findings is that they failed to realise or see that this information is already provided in the graph, again highlighting that the lines overlaid on the chart tend to be ignored.

---

## Presenting Return as above inflation, fees & tax is the simplest

A number of alternative ways to express the Return target were exposed to gauge reactions (shown below).

**R**  
...= 3% above consumer price index (CPI), fees and taxes per year

**S**  
...= 3% above average weekly ordinary time earnings (AWOTE) per year (after tax and costs)

**T**  
... = 7% per year

*Note from moderator: inflation has not been taken out of T or U and fees and costs have not been removed from T*

**U**  
... = 5.5% (after tax and costs)

**V**  
... = 3% above inflation per year

*Note from moderator: with V, the 3% is after fees and costs but it doesn't tell you that*

Many were very confused by the 'financial jargon' (such as CPI and AWOTE). They are seeking 'layman's terms' and tended to better understand 'taxes' and 'costs'.

For those who comprehended CPI etc, Option R was preferred for providing the most accurate reflection of the Return target figure.

*"CPI, AWOTE and even inflation is jargon that makes my brain shut down. I don't really understand R or S, and V doesn't tell you that it's after fees."*

**RECOMMENDATION:** Simple language is essential to ensure widespread comprehension.

Of these first stage concepts, Option R was recommended as a basis but with the acronym of CPI changed to the more familiar word of inflation ( =3% above inflation, fees and taxes per year.)

## *Risk and Fees*

---



## *Page location of Risk & Fees depends on the way individuals assess a super fund/product*

---

The issue of where the Risk & Fees information is placed on the page was investigated by showing an alternative Dashboard design with Risks and Fees at the top and the chart below.

People naturally want the information they regard as important to be prioritised and therefore the preferred placement depends on whether the primary element used to assess a super fund is risk or return. When asked those primarily interested in Returns want it at the top whereas those most interested in Fees and Risk suggest it should be given top position.

Essentially, people could **find** the information they wanted regardless of where the risk and fees section was situated. There is no evidence to conclude that one or other should be placed at the top of the page based on its importance to consumers.

*“I don't really mind if the Risk and Fees sections is placed at the top or bottom of the page.”*

*“I like the Risks and Fees at the bottom of the page because I feel the Returns are the focus of super and it is good to see that information straight up...”*

*“The position of the Fees section on the page is irrelevant for me. As long as it can be easily identified is the main thing.”*

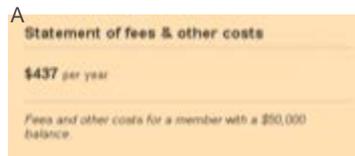


*or*

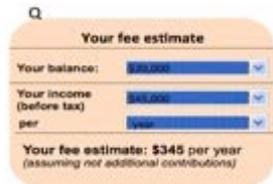


## *Fees can be shown as a figure or drop down menu*

---



*or*



## *Drop down boxes can dominate and make the Returns graph recessive*

---

Where the Risks & Fees section is placed on the page also depends on whether or not a drop down box is used to calculate fees.

If risk and fee elements are shown using words only, placing them at the top of the page lends them greater priority, has more impact and carries a greater sense of transparency.

Placement below can increase the perception that the funds are trying to hide this information.

Meanwhile, if this form of drop down box is used to present fees, it is too dominant at the top of the page and makes the graph recessive.

*“My eyes divert from C and D straight away because it is too complex, you want to understand the information quickly.”*

*“Top of the page for the risks, in your face and no excuses. Also protects the provider from 'hidden small print syndrome'.”*

**RECOMMENDATION:** Placement on page depends on if fees are shown, place below the graph if a drop down menu is used.

# Risk is difficult to understand and simplicity is needed

**A**

Level of investment risk

**High risk**  
Negative returns expected in 5 out of every 20 years

*The higher the expected target return, the more often you would expect a year of negative returns*

---

**B**

Level of investment risk

Positive returns expected x years in every 20

---

**C**

Level of investment risk

There is a 1 in 20 chance of a return above y% (or below x%) for each year

---

**D**

Level of investment risk

There is a 9 in 10 chance of a return between x% and y% (or outside x% and y%) for each year

---

**E**

SUPER XYZ	Risk level depending on timeframe		
	Short-term (if savings are required in 5 years or less)	Medium-term (if savings are required after 5 to 20 years)	Long-term (if savings are required after 20 years or more)
	High	Medium-high	Low

Short-term risk is the risk that your super savings will be reduced by volatility of investment markets - this is when the value of your investment rises and falls

Medium-term risk balances two risks. The first is that your super savings will be reduced by volatility and the second is that your super savings will not keep up with inflation

Long-term risk is the risk that your super savings will not keep up with inflation

Risk varies depending on your time frame. How long you have until retirement.

Participants were shown five alternative ways to express risk (opposite).

Risk is a difficult concept for people to understand and has the potential to confuse and mislead as it varies significantly depending on people's individual circumstances.

There was, however, no evidence to suggest that the words 'High Risk' scare or turn people off a product. Where a moderate risk product was chosen (see exercise page 45) other factors like Fees and Returns were also taken into account.

Option A was considered to be the simplest approach. Many have been told by their fund, adviser, employer or other source to choose a HIGH risk profile if young and then move to a LOW risk profile as they near retirement, so they simply seek out this terminology.

Use of multiple numbers, percentages and time periods in other options serves to confuse those less number savvy and leads to more cynicism.

*"A - it tells you straight up it's high risk and you can expect negative Returns... the others almost try to hide it or sugar coat it. C and D get too technical."*

*"B, C, or D are too wordy and don't include a simple level (LOW, HIGH...)."*

## Tailored fees preferred

... with the addition of an industry average

---

C

Statement of fees & other costs

**\$437 per year**

Fees and other costs for a member with a \$50,000 balance . . .

Y

Statement of fees & other costs

**\$437 per year**  
MySuper industry average: \$525

Fees and other costs for a member with a \$50,000 balance . . .

Z

Statement of fees & other costs

**\$400-\$495 per year**  
(depending on contributions and activities)

Fees and other costs for a member with a \$50,000 balance . . .

Q

Your fee estimate

Your balance:

Your income (before tax)

per

Your fee estimate: **\$345 per year**  
(assuming not additional contributions)

X

Statement of fees & other costs

**0.87% of fund balance**

Fees and other costs for a member with a \$50,000 balance . . .

---

Alternatives for the presentation of fees and other costs are shown opposite.

Q is the preferred option because it provides a figure that is customised to one's financial situation and therefore is perceived to provide a more accurate estimate than a general figure.

Whilst the simplicity of C has some appeal, C and Z are deemed to be too vague and are believed to have potential for inaccurate judgements to be made.

*"I preferred Q for the Fees section as this would assist you in making decisions shall your personal circumstances or job change."*

*"Q works the best for me, where I could go off what I had in my account and my contributions rather than a general figure ... I'd know what I'd be paying for the next 12 months."*

*"People do not like to read, so something you can see at a glance is always helpful."*

---

## An industry average for comparison is useful

Y contained information about the industry average that many found valuable as it makes comparisons between funds easier.

*“Option Y gives an exact \$\$ amount (instead of an estimate like option Z) and goes further than Option C because it also shows the industry average fee, which I am happy to read about. (I like to compare when it's simple like that).”*

*“Option Y presented the fees clearer. It was compared to other industry fund fee and less than the industry average fee of \$88.”*

**RECOMMENDATION:** The statement of fees and other costs should be based upon option Q – while also adding in the industry average taken from option Y.

**C**

**Statement of fees & other costs**

**\$437 per year**

Fees and other costs for a member with a \$50,000 balance.

**Y**

**Statement of fees & other costs**

**\$437 per year**  
MySuper industry average: \$525

Fees and other costs for a member with a \$50,000 balance.

**Z**

**Statement of fees & other costs**

**\$400-\$495 per year**  
(depending on contributions and activities)

Fees and other costs for a member with a \$50,000 balance.

**Q**

**Your fee estimate**

Your balance:

Your income (before tax) per

**Your fee estimate: \$345 per year**  
(assuming not additional contributions)

**X**

**Statement of fees & other costs**

**0.87% of fund balance**

Fees and other costs for a member with a \$50,000 balance.

**Q**

**Your fee estimate**

Your balance:

Your income (before tax) per

**Your fee estimate: \$345 per year**  
(assuming not additional contributions)

PLUS: MySuper industry average: \$525

## The more complex approach to risk potentially provides a more comprehensive assessment

E

SUPER XYZ	Risk level depending on timeframe		
	Short - term (If savings are required in 5 years or less)	Medium term (If savings are required after 5 to 20 years)	Long term (If savings are required after 20 years or more)
	High	Medium-high	Low
<p>Short-term risk is the risk that your super savings will be reduced by volatility of investment markets – this is when the value of your investment rises and falls</p> <p>Medium-term risk balances two risks. The first is that your super savings will be reduced by volatility and the second is that your super savings will not keep up with inflation</p> <p>Long-term risk is the risk that your super savings will not keep up with inflation</p> <p>Risk varies depending on your time frame. How long you have until retirement.</p>			

A more complex approach to the presentation of risk was exposed as a further alternative to gauge reactions.

There was only limited comprehension and understanding of this approach. It is too long, wordy and confusing and will limit the level of engagement.

Some are confused by the fact that the information appears to contradict what they have previously been told about risk (e.g. long term should take high risk).

When consumers gave the approach careful consideration, this approach does have the potential to help people better understand the suitability of the product for their circumstances.

*“E could be a little to confusing and even misleading ... I was under the belief that it was in fact the opposite to what is shown there ...”*

*“It gives those with little or no understanding of the technical jargon clear reasoning and explanations.”*

## *Personalisation of risk is needed if the more complex approach to risk is to be used*

The more complex approach to risk causes a great deal of confusion. If it is to be used then it is advisable to simplify this information.

At the outset explain to users that ***'Risk varies depending on your timeframe until retirement and how long you have until you need your savings / super'***.

Then users could be given a drop down menu asking "How long until you retire and need your savings?":

- › Savings are needed in 5 years or less
- › Savings are needed in 5 to 20 years
- › Savings will be needed in 20 years or more



Once selected, the Dashboard can show their level of risk as 'High Risk', 'Medium Risk' or 'Low Risk'

If a drop down menu tool is not possible, then this could be expressed in words:

- › Savings are needed in 5 years or less = **High Risk**
- › Savings are needed in 5 to 20 years = **Medium Risk**
- › Savings will be needed in 20 years or more = **Low Risk**

**RECOMMENDATION:** If the more complex approach to risk that was tested is used, it needs to be substantially simplified, providing a short explanation of how risk varies depending on timeframe, and then a dropdown menu to determine risk profile based on how long until they retire.



*Works for some, but there is a desire to have control over the risk level chosen*

*Measure of risk based on age*



Consumers were asked how they felt about the measure of risk for a super product being changed based on their age.

Most like the idea of a product being labelled as HIGH, MEDIUM or LOW risk based on their age as they feel it is more simple and personalised.

A few disagreed, believing that people should be able to choose their risk level regardless of their age, or based on other factors. A 60 year old, for example, may not want to choose a LOW risk product in the belief that they are going to work until they are 80.

In any case, there is a desire to understand how the risk profile has been derived, so that the consumer can make an informed decision about which product/fund they choose.

*“Does age really play a factor in risk? There are exceptions to every rule and what is good for one is not necessarily good for another. I'd rather be shown the options and have a choice. Age based would only be a guide.”*

**RECOMMENDATION:** Provide links to MoneySmart website explaining how risk is calculated.

---

*Response to  
landing page &  
other features*

---

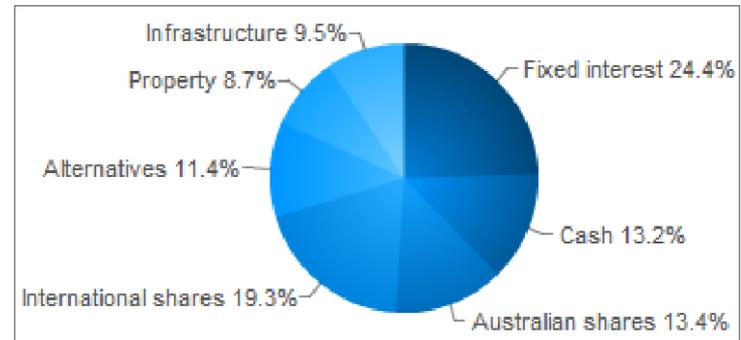


## Investment mix pie chart appealing to most

---

Consumers were shown an Asset Allocation/ Investment Mix pie chart as another feature that could be provided to assess and compare funds.

This feature was well received with most finding it to be a clear, simple way to see where their money would be invested.



Even those who do not know much about investing would like to have this information provided in a pie chart. While they may not understand its full meaning, they can get an idea of how 'balanced' the investment mix is, which can influence how comfortable they feel about a certain super fund.

*"The pie chart is fantastic! That's the best view I've ever seen of how your super is working across whatever investments you have chosen."*

*"This is of interest but for me I don't have enough understanding to know if it's good or bad... but I would feel more comfortable knowing mine is invested in a mix such as that shown so that if there is a dip in one sector, the others should still be OK, so I guess a pie chart like this can be useful to see if there is a good balance, without having to know all the details."*

## *Some suggested improvements to the pie chart*

---

Despite the strong appeal of the investment mix pie chart, those who like to be highly informed when making financial decisions, request more information. They request access to specific information on investments such as which specific companies will be invested in within each sector.

As mentioned earlier, this can be provided through 'rollover' mouse clicks so that additional detail does not overwhelm those who only seek basic information.

Aesthetically, some found the pie chart's blue shades difficult to distinguish between each sector, so suggest more distinct colours.

*"...a useful and easy way to present such information. It could be made even better if it allows you to click and expand on each category to specifically see what components of each asset class entails (eg: "Australian shares" what companies is the fund investing in and how much allocation in terms of percentage or \$\$)."*

*"I think it is great to have a graph as per the example above with the asset allocations but the sectors could be better defined with different colours for each sector."*

---



## *Indication of liquidity 'nice to know'*

---

Consumers were asked whether they would be interested in an indication of 'liquidity' which was defined as 'How easy it will be, or how much time it will take, for people to withdraw their money when they want to withdraw it'?

Not all commented on the liquidity option, but of those who did, most felt it would be 'nice to know' and useful (including a number of the less informed), especially when clearly explained.

This suggests that an indication of liquidity is not essential for a quick assessment of a super fund. Nonetheless, it could be made accessible via a rollover mouse click or link to 'other features' for those who are interested in liquidity.

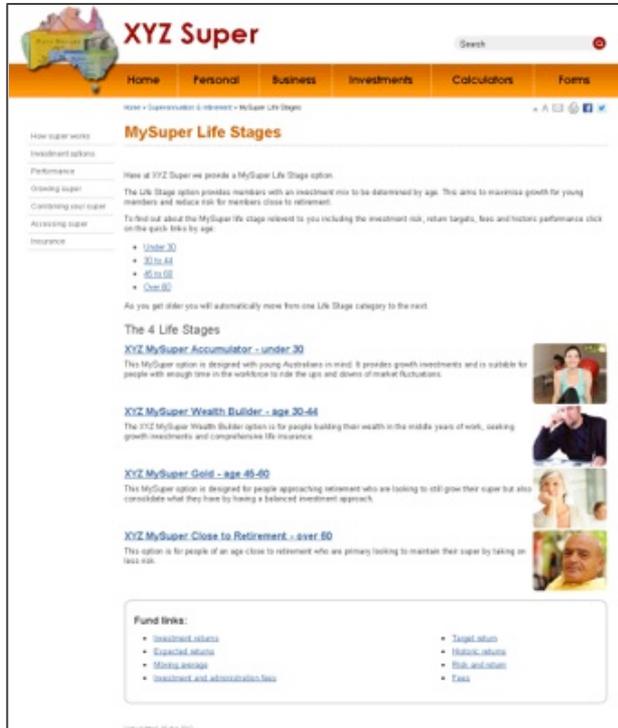
*"An indication of 'liquidity' would definitely be interesting to know. Hadn't thought about that before."*

*"When you mentioned 'Liquidity' and gave it's meaning, that was something that I would regard as important enough to want to know."*

*"I don't think the asset allocation graph would influence me at all and hadn't even considered liquidity - not interested in that information in a quick simple comparison."*



## Dashboard landing page is easy to comprehend



Consumers were asked for their feedback on a potential landing page on Life Stage products. The page asks users to select their age group, which then determines the appropriate lifestage product.

Consumers found the presentation of the page to be clear and concise, thus making it easy to find the right Dashboard for them. The simplicity of the 'life stages' categories and the guidance they provided were welcomed.

The language used to explain products gives confidence that they would be making the right decision.

*"Really like the idea of having a Dashboard specifically for my 'life stage' ... looks easy to use and gives enough information for me to find the one that's right for me."*

*"Simple enough even for me to understand with all the thinking done by people who understand super much better than me."*

*A closer look at  
the figures*

---



## *Consumer understanding indicates that inflation figures should be adjusted by CPI*

---

One of the objectives of the research was to determine whether figures relating to inflation need to be adjusted by CPI or AWOTE.

Given the varying levels of financial knowledge within the community, this question was simplified and re-phrased to ascertain consumer interpretation of the term 'inflation'.

Most consumers had a good understanding of the concept of inflation as an increase in the cost of living – thereby the cost of goods and services. There was also a sense that costs are constantly rising, while wages rarely increase to match.

*“The word inflation means an increase in the cost of living to me. I definitely don't think of it in terms of increases in wages, because in my opinion wages rarely go up, whereas the costs for goods and services go up all the time!”*



## *Figures based on independent expert's estimates would enhance credibility of the Dashboard*

---

Consumers were asked if they would prefer to have figures for Risk and Return targets based on the estimate of independent experts or the fund managers.

Consumers express a clear preference for figures based on what independent experts estimate, in the belief that they are unbiased and would present more honest, 'realistic' figures. Implementing figures based on independent estimates would therefore reinforce the credibility of the Dashboard.

The more informed consumers also request some information on who the independent experts are to ensure they are genuinely 'experts'.

Once again, it is important that additional information does not clutter the Dashboard, and should be accessed via hyperlink or rollover mouse click.

*"I would definitely rather have the figures based on an independent expert's estimate. Because those running the fund are going to want the figures to look favourable for their fund so they might change them slightly."*

*"Independent experts are definitely preferred over fund experts to rule out any bias. However, it will be good to examine to what degree their independence is (i.e. if they are affiliated to some other organisation which then links them financially or indirectly to the super fund?)."*



*Appeal of the  
revised  
Dashboard*

---

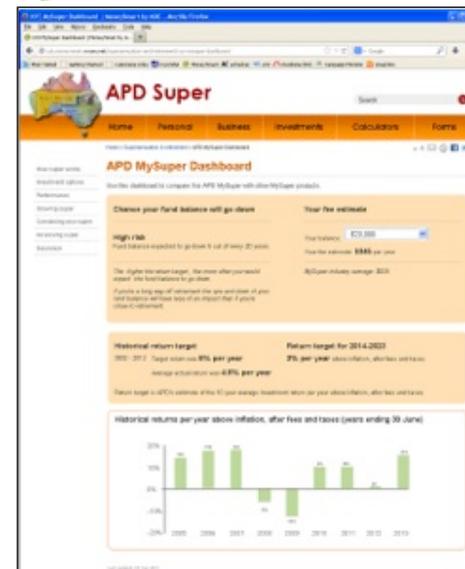


## *Guided by consumer feedback, a revised Dashboard was created*

Following initial discussions on the preliminary product Dashboard, analysis was conducted and findings compiled into a topline report. Taking into account our recommendations, designers then supplied a revised version of the Dashboard a day later and consumer reactions to the revised Dashboard were explored.



Preliminary



Revised

## *Informative yet not overwhelming*

---

While impressions of the original Dashboard were favourable, the overwhelming majority preferred the revised Dashboard. Again, it is seen to provide a concise, simple snapshot of the super product on offer.

By comparison, the revised Dashboard is perceived to be even easier to understand for a number of reasons:

- › The graph is clearer – percentages on the bars are labelled and the confusing/'busy' average return lines are removed;
- › The historical return target information is depicted in figures rather than lines - requiring less analysis for the individual;
- › The language is simplified and easier for the less informed user to understand.

The revised Dashboard has further advantages over the original:

- › The Fees section is a welcome improvement – consumers find the comparison to the MySuper Industry Average and the ability to personalise the fee estimate based on their balance, useful;
- › The order of the information makes more sense – most consumers prefer to see the risk and fees information at the top.

Essentially, consumers believe the revised Dashboard delivers a suitable balance between sufficient information and ease of comprehension.



## *The face-to-face findings confirmed online community views on the revised format of the Dashboard*

---

For the same reasons stated previously, the revised Dashboard was preferred over the original:

- › Graph easier to read, historical Return target depicted in figures instead of graphically using lines, simpler language;
- › Ability to personalise the fees section, and order of information.

Most noticeable in the face-to-face interviews, was the immense difference that the more simplistic language used in the revised Dashboard made to those who had little understanding about super.

- › Two of the three interviewees struggled a great deal with comprehension of any of the information on the original.

*“I don’t really know actually. I don’t really know a lot about super so I’m not really sure what any of this means.”*

*“It’s a bit complicated with the lines and that...I’m really not sure what it is supposed to tell me.”*

- › However, were able to better understand the same information on the revised due to the simpler, more direct language.

*“... words are just easier to understand, I know what the ‘chance your fund balance will go down’ means.”*



## *Dashboard simplifies super*

---



## *The Dashboard would be a valuable hardcopy summary of performance*

---

It contained all the information that interviewees felt they wanted to know about with respect to the fund's performance over the past year.

With the addition of a statement of their contribution and personal amount, it was seen as all the information they felt they wanted in an annual summary, sent by their fund each year:

- › Much more simplistic and easier to understand than what they recall currently receiving.

*"I'd like them to just send this and a one pager of my statement and that would be enough to send me each year. I don't understand all the other stuff they send me anyway."*

*"It would be nice to get it with your statement each year."*

---

## *Dull colours and fonts*

---



### *The only real criticism was the look of the Dashboard*

---

In hardcopy, it looks extremely dated:

- › The colours are very dull;
- › The font was described as somewhat childish.

*“It’s a bit bland...looks a bit old, really.”*

*“I don’t really like the colours they’ve used. They make it look even more boring.”*

That said, all interviewees believed it was likely that their funds would tailor the colours and font used to be consistent with fund branding.

---

## *Use as a comparison tool was widely endorsed*

---

All face-to-face interviewees saw the value in having a consistent layout and format when comparing between funds:

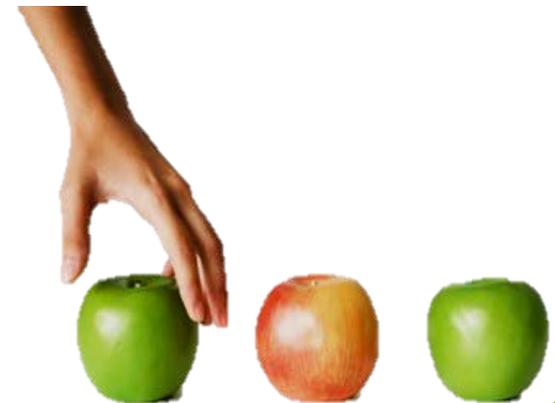
- › This was further highlighted by the confusion demonstrated between the original and revised Dashboard.

However, they did question how they would obtain hardcopies of different funds' Dashboards:

- › If they request hardcopy information, it is likely to be one page among many other confusing pages and would likely be 'lost';
- › As a result, they believed they were most likely to access it online – even for less frequent computer users, the ability to access succinct information directly is valued.

The likelihood would be that a Dashboard would be printed out to be compared in hardcopy with other printed versions from other funds.

This indicated a need for some consistency in name of the information (e.g. 'Product Dashboard') on websites, so that people were clear about what they were accessing to compare.



## *Bring back the investment mix pie chart!*



---

The revised version of the Dashboard did not include an asset allocation/investment mix pie chart that was proposed in the previous discussion.

While many did not acknowledge that it was missing, those who did, were very interested in the feature and requested for it to return.

If included, it is important not to clutter the page so it is advisable to make it accessible via a link.

*“I would have liked to see perhaps a pie chart showing how a super account’s funds are invested or investment options. However, this may be going outside the realm of a simplistic assessment.”*

*“A chart like a pie for the breakdown of allocation for each level of asset should be available and this could be done as a link or drop down.”*

## *The presentation could be 'fresher'*

---

Views on the 'look and feel' of the Dashboard have not changed greatly from the original design. Consumers still feel the page is clean and well laid out, but equally, the sense of 'dated' graphics and dull colours remain. Some find the predominant use of orange unappealing.

It is important that the page meets industry standards of presentation to engage users and have credibility.

*"Everything is nice and clean, laid out quite well, don't feel that there's a tonne of information all over the place... it could look a lot 'fresher'. Colours especially are a bit off, to me it looks a little like someone has just gone to an Office '97 'Sunfire' palette and thought that'd look good."*

*"I like how the page is laid out. Easy to see each section. I don't like the big area of coloured boxes... perhaps less of the orange colour. Just makes the page feel a bit too busy!"*

---



*Beyond the  
Dashboard*

---



## *Consumers seek means to compare funds side by side in an easy way*

---

Many consumers are looking forward to the introduction of the Dashboard and appreciate its value.

Beyond this, there is a desire to easily compare performance, fees and risk of a number of funds side by side.

This would make it easier for the consumer to determine the right super fund/product for their circumstances.

*“How will the comparison work in the final product? Will we have to open up several Dashboards for manual comparison? Can we enter parameters into a search tool which will present us with the top 5 Dashboards that suit our needs? A tool which can overlay the graphs from different dashboards would be handy. I'd like to see more interactions between Dashboards so that I can search and filter to narrow down my choice.”*



## *Some want access to further information*

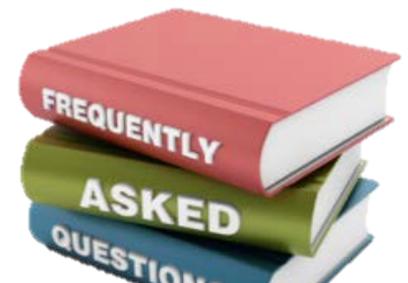
---

There are requests for more general information on super, which could be provided outside the Dashboard:

- › Information on the age that super can be withdrawn;
- › The costs and taxes associated with withdrawing funds before retirement;
- › Options for accessing super on retirement (e.g. will it be in the form of a pension or a lump sum?).

Some would also like further information on each specific fund/ product, which could be provided via a link to further information within the Dashboard:

- › Background information about the fund e.g. 'about us', how fees will be spent, financial experience, special features, number of changes in risk profile allowed (e.g. from 'High' to 'Low' as one ages);
- › The cost of switching funds;
- › Special eligibility requirements for joining fund;
- › Extra services and charges e.g. financial advice service;
- › Insurance (any added fees charged by funds, insurance cover included such as death cover, income protection etc.)



## *Beyond the Dashboard...*

---



### *Consumers would benefit from help to manage their super as well*

---

Some consumers indicate that after choosing a super fund, they would also like help to ensure their super fund is managed effectively.

Ideally, they would like a tool that allows them to calculate the estimated value of their super fund at a future date, as well as providing suggested methods to improve performance.

For example, users would like a ‘what-if’ style tool to change variables such as risk level, retirement age, personal contributions, salary sacrifice contributions etc; and see the impact on fees, Returns and estimated value upon retirement.

MoneySmart was suggested (without prompting) by one participant as a good tool to compare super funds. Specific tools and simulators offered by trustees were also mentioned as good examples.

*“If I were in the process of choosing a super fund I’d read info and compare super funds by visiting ASIC’s consumer website MoneySmart.com.au. There is also useful information ATO/Choosing-a-super-fund.”*

**RECOMMENDATION:** Promote use of the MoneySmart Retirement Planner (e.g. via links from the Dashboard) to assist decisions.

# *Conclusions & Recommendations*

---



## *Conclusions & Recommendations (1)*

---

Post GFC, there is considerable negativity towards compulsory superannuation. Although there are also those with very positive attitudes, many mistrust super funds and seek a simple way to assess their super and they gain a greater sense of control when given a personalised, plain language snapshot of the basic fundamentals.

Key features people seek reassurance on regarding superannuation are longevity (proven past and projected Returns) and personalisation. Many are suspicious when looking at projected targets, expecting hidden fees or charges and require plain language stating the situation with transparency.

The two primary elements individuals use to differentiate between funds are level of risk and level of return but they are easily confused. It is important to deliver information in simple terms with extra detail accessed via 'rollover mouse click', ALT text type tool or hyperlink. Be clear and transparent about period of time covered.

Small changes in the visual (e.g. axis) and jargon and complex language have the potential to greatly confuse and mislead people.

### **Returns & Return Target**

- › Show historic performance graphically rather than text as it has more visual appeal and is easier to absorb.
- › Use the term 'Return target' with the projected period shown (e.g. 2014-2023)'.- › Provide a simple definition of 'Return target' accessed via 'rollover mouse click', ALT text type tool or hyperlink.
- › Show Return target figure as ' % above inflation, after fees and taxes per year' - the terms CPI and AWOTE confuse many, whereas inflation is better understood.
- › Consumers ask to see actual return for past year vs. predicted target return for past year, alongside Return Target for 2014-2023. However, this may detract from them taking a long-term view and should be considered in this context.

## *Conclusions & Recommendations (2)*

---

### **Risk & Fees**

- › Risk is a difficult concept for people to understand and has the potential to confuse and mislead, as it varies significantly depending on people's individual circumstances.
- › A simple statement such as 'Level of investment risk: High Risk; Fund balance is expected to go down x out of every x years' is easiest to digest.
- › The more complex approach to risk tested is also highly confusing but when given careful consideration by the research participants is seen to help people better understand the suitability of the product for their circumstances. If used, (though not the recommended approach) provide a simple explanation such as 'Risk varies depending on your timeframe until retirement' and then allow users to choose when savings are needed, to calculate their risk profile from a drop down menu.

### **Dashboard Layout and Presentation**

- › If fees and risk information is shown using text only, placing them at the top of the page lends them greater priority, impact and carries a greater sense of transparency.
- › A complex, drop down box style is too dominant, especially if the Returns information is text only, but the revised Dashboard using a dropdown menu for fees alone does not detract from the graph placed below.
- › The final Dashboard design is simple and impactful, although some feeling that the look is dated. It is important to meet industry benchmarks to engage users and have credibility.

## *Conclusions & Recommendations (3)*

---

### **Other information:**

- › In terms of format, they want and expect the Dashboards to be provided online on super funds' websites.
- › A landing page asking users to select their lifestage/age group to determine appropriate investment mix gives confidence in decision making.
- › A pie chart on Asset Allocation/Investment Mix is considered useful but is best provided through 'rollover' mouse clicks (or similar) as it would otherwise clutter the Dashboard.
- › Information on liquidity is also a 'nice to know' and best made accessible for those who seek it but not added to the dashboard.
- › Consumers clearly prefer estimates from independent experts and they reinforce credibility of the Dashboard.

### **Beyond the Dashboard**

- › Consumers want to easily compare performance, fees and risk of funds side by side to determine the right super fund/product for their circumstances.
- › They would also like a calculator tool to change variables to see the impact on fees, return and value on retirement - promotion of MoneySmart Retirement Planner (e.g. via links from Dashboard) is recommended.

### **Overriding Implications**

- › The findings reported are based on consumer attitudes expressed during the research. It will ultimately be up to the discretion of the regulator to consider what is best for the user as consumers themselves are not necessarily the best judge of their needs regarding superannuation.

# *Appendix*

---



## *Appendix Contents*

---

Preliminary Dashboard	80
Preliminary Dashboard comparison	81
Alternative Dashboard presentation	82
Return Target Alternatives	83
Risk and Fees Alternatives	84
Dashboard landing page	85
Investment mix pie chart	86
Revised Dashboard	87

# Preliminary Dashboard

**XYZ MySuper Dashboard** | MoneySmart by ASIC - Mozilla Firefox

URL: [uat.moneySMART.rroom.net/superannuation-and-retirement/xyz-mysuper-dashboard](http://uat.moneySMART.rroom.net/superannuation-and-retirement/xyz-mysuper-dashboard)

**XYZ Super**

Home | Personal | Business | Investments | Calculators | Forms

Home > Superannuation & retirement > XYZ MySuper Dashboard

**XYZ MySuper Dashboard**

Use this dashboard to compare this XYZ MySuper with other MySuper products.

**Returns: past vs. target (year ending 30 June)**

Return target = 3% above inflation per year (after tax and costs)

Year	Past: 1-year return	Past: 10-year average return	Target: average return target
2005	~14%	~10%	~8%
2006	~18%	~10%	~8%
2007	~18%	~10%	~8%
2008	~-5%	~10%	~8%
2009	~-12%	~10%	~8%
2010	~10%	~10%	~8%
2011	~10%	~10%	~8%
2012	~1%	~10%	~8%
2013	~15%	~10%	~8%

**Past: 1-year return** is the investment return per year (after tax and investment and administration fees and costs).

**Past: 10-year average return** is the 10-year average investment return (after tax and investment and administration fees and costs).

**Target: average return target** was XYZ's estimate of the expected 10-year average investment return (after tax and investment and administration fees and costs).

Level of investment risk	Statement of fees & other costs
<b>High risk</b> Negative returns expected in 5 out of every 20 years	<b>\$437</b> per year
<i>The higher the expected target return, the more often you would expect a year of negative returns.</i>	<i>Fees and other costs for a member with a \$50,000 balance.</i>

**Glossary links:**

- [Investment returns](#)
- [Expected returns](#)
- [Moving average](#)
- [Investment and administration fees](#)

**Fund links:**

- [Target return](#)
- [Historic returns](#)
- [Risk and return](#)
- [Fees](#)

Last updated: 23 Aug 2013

# Comparison dashboard

**MNO Super**

Home | Personal | Business | Investments | Calculators | Forms

Home > Superannuation & retirement > MNO MySuper Dashboard

### MNO MySuper Dashboard

Use this dashboard to compare this MNO MySuper with other MySuper products.

#### Returns: past and target (years ending 30 June)

Return target = 2% above inflation per year (after tax and costs)

Year	Past: 1-year return	Past: 10-year average return	Target: average return target
2005	9.0%	4.5%	4.5%
2006	10.0%	5.0%	4.5%
2007	9.0%	5.0%	4.0%
2008	-5.0%	4.0%	4.0%
2009	-5.0%	1.5%	3.0%
2010	5.0%	1.5%	3.5%
2011	5.0%	1.5%	4.0%
2012	6.0%	2.0%	4.0%
2013	9.0%	3.0%	4.5%

**Past: 1-year return** is the investment return per year (after tax and investment and administration fees and costs).

**Past: 10-year average return** is the 10-year average investment return (after tax and investment and administration fees and costs).

**Target: average return target** was XYZ's estimate of the expected 10-year average investment return (after tax and investment and administration fees and costs).

**Level of investment risk**

**Medium risk**  
Negative returns expected in 3 out of every 20 years

*The higher the expected target return, the more often you would expect a year of negative returns.*

**Statement of fees & other costs**

**\$390 per year**

*Fees and other costs for a member with a \$50,000 balance.*

**Glossary links:**

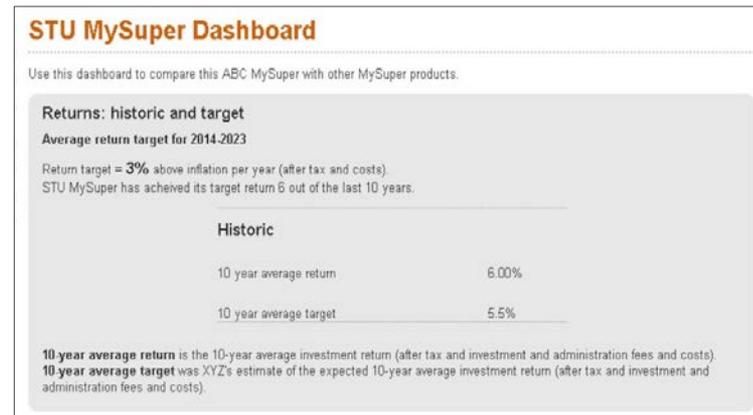
- [Investment returns](#)
- [Expected returns](#)
- [Moving average](#)
- [Investment and administration fees](#)

**Fund links:**

- [Target return](#)
- [Historic returns](#)
- [Risk and return](#)
- [Fees](#)

Last updated: 26 Aug 2013

# Alternative Dashboard presentation



## Return Target Alternatives

---

- A  
Return target as at [date] = ...
- B  
Return target for 2014-2023 =  
....
- C  
Current return target = ....
- D  
Return target = ....

R  
... = 3% above consumer price index (CPI), fees and taxes per year

S  
... = 3% above average weekly ordinary time earnings (AWOTE) per year (after tax)

T  
... = 7% per year

*Note from moderator: inflation has not been taken out of T or U and fees and costs have not been removed from T*

U  
... = 5.5% (after tax and costs)

V  
... = 3% above inflation per year

*Note from moderator: with V, the 3% is after fees and costs but it doesn't tell you that*

# Risk and Fees Alternatives

**A**

**Level of investment risk**

**High risk**  
Negative returns expected in 5 out of every 20 years.

*The higher the expected target return, the more often you would expect a year of negative returns.*

**B**

**Level of investment risk**

Positive returns expected x years in every 20

**C**

**Level of investment risk**

There is a 1 in 20 chance of a return above y% (or below x%) for each year

**D**

**Level of investment risk**

There is a 9 in 10 chance of a return between x% and y% (or outside x% and y%) for each year

**E**

SUPER XYZ	Risk level depending on timeframe		
	Short-term (If savings are required in 5 years or less)	Medium term (If savings are required after 5 to 20 years)	Long term (If savings are required after 20 years or more)
	High	Medium-high	Low

**Short-term risk** is the risk that your super savings will be reduced by volatility of investment markets – this is when the value of your investment rises and falls

**Medium-term risk** balances two risks. The first is that your super savings will be reduced by volatility and the second is that your super savings will not keep up with inflation

**Long-term risk** is the risk that your super savings will not keep up with inflation

Risk varies depending on your time frame. How long you have until retirement.

**C**

**Statement of fees & other costs**

**\$437 per year**

*Fees and other costs for a member with a \$50,000 balance.*

**Y**

**Statement of fees & other costs**

**\$437 per year**  
MySuper industry average: \$525

*Fees and other costs for a member with a \$50,000 balance.*

**Z**

**Statement of fees & other costs**

**\$400-\$495 per year**  
(depending on contributions and activities)

*Fees and other costs for a member with a \$50,000 balance.*

**Q**

**Your fee estimate**

Your balance:

Your income (before tax) per:

**Your fee estimate: \$345 per year**  
(assuming not additional contributions)

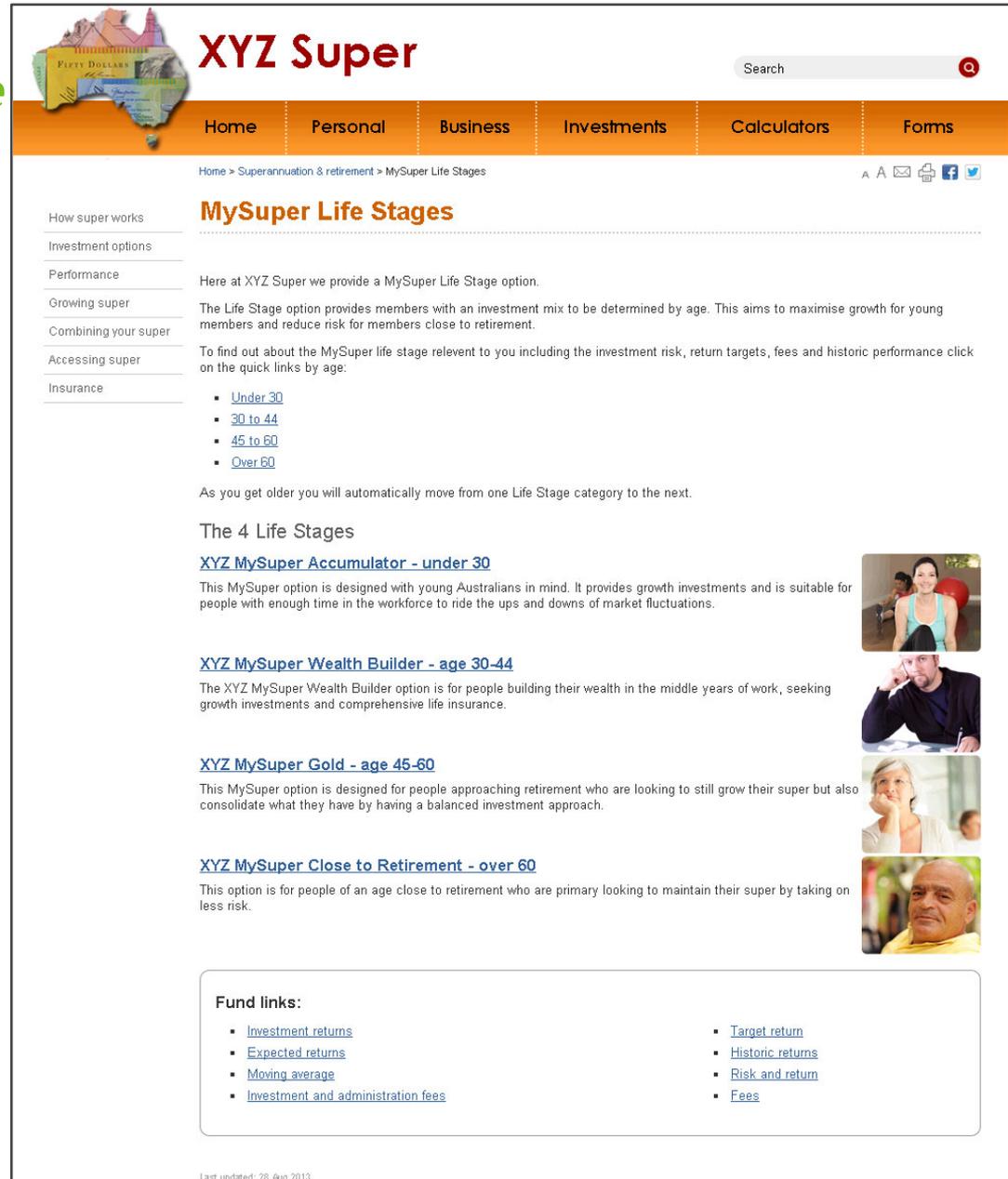
**X**

**Statement of fees & other costs**

**0.87% of fund balance**

*Fees and other costs for a member with a \$50,000 balance.*

# Dashboard landing page



The screenshot shows the XYZ Super website dashboard. At the top left is a logo featuring a map of Australia with a house and a fifty-dollar bill. The main header includes the text "XYZ Super" and a search bar. Below the header is a navigation menu with tabs for Home, Personal, Business, Investments, Calculators, and Forms. The main content area is titled "MySuper Life Stages" and includes a breadcrumb trail: Home > Superannuation & retirement > MySuper Life Stages. On the left side, there is a sidebar menu with links for "How super works", "Investment options", "Performance", "Growing super", "Combining your super", "Accessing super", and "Insurance". The main text explains the MySuper Life Stage option, stating that it provides members with an investment mix determined by age to maximize growth for young members and reduce risk for those near retirement. It offers quick links by age: Under 30, 30 to 44, 45 to 60, and Over 60. A note indicates that users will automatically move from one Life Stage category to the next. The section "The 4 Life Stages" lists four options: XYZ MySuper Accumulator - under 30, XYZ MySuper Wealth Builder - age 30-44, XYZ MySuper Gold - age 45-60, and XYZ MySuper Close to Retirement - over 60. Each option is accompanied by a brief description of its target audience and investment goals. On the right side, there are four small images of people representing different age groups. At the bottom, a "Fund links" section provides links for Investment returns, Expected returns, Moving average, Investment and administration fees, Target return, Historic returns, Risk and return, and Fees. The page footer indicates it was last updated on 28 Aug 2013.

**XYZ Super**

Search

Home Personal Business Investments Calculators Forms

Home > Superannuation & retirement > MySuper Life Stages

**MySuper Life Stages**

How super works  
Investment options  
Performance  
Growing super  
Combining your super  
Accessing super  
Insurance

Here at XYZ Super we provide a MySuper Life Stage option. The Life Stage option provides members with an investment mix to be determined by age. This aims to maximise growth for young members and reduce risk for members close to retirement. To find out about the MySuper life stage relevant to you including the investment risk, return targets, fees and historic performance click on the quick links by age:

- [Under 30](#)
- [30 to 44](#)
- [45 to 60](#)
- [Over 60](#)

As you get older you will automatically move from one Life Stage category to the next.

**The 4 Life Stages**

**[XYZ MySuper Accumulator - under 30](#)**  
This MySuper option is designed with young Australians in mind. It provides growth investments and is suitable for people with enough time in the workforce to ride the ups and downs of market fluctuations.

**[XYZ MySuper Wealth Builder - age 30-44](#)**  
The XYZ MySuper Wealth Builder option is for people building their wealth in the middle years of work, seeking growth investments and comprehensive life insurance.

**[XYZ MySuper Gold - age 45-60](#)**  
This MySuper option is designed for people approaching retirement who are looking to still grow their super but also consolidate what they have by having a balanced investment approach.

**[XYZ MySuper Close to Retirement - over 60](#)**  
This option is for people of an age close to retirement who are primary looking to maintain their super by taking on less risk.

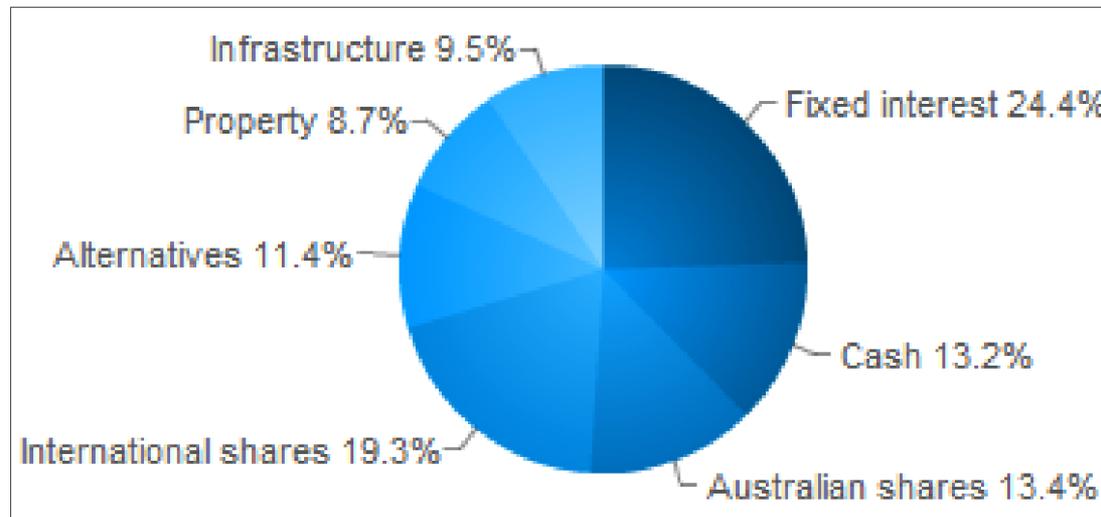
**Fund links:**

- [Investment returns](#)
- [Expected returns](#)
- [Moving average](#)
- [Investment and administration fees](#)
- [Target return](#)
- [Historic returns](#)
- [Risk and return](#)
- [Fees](#)

Last updated: 28 Aug 2013

## *Investment Mix Pie Chart*

---



# Revised Dashboard

**APD Super**

Home | Personal | Business | Investments | Calculators | Forms

Home > Superannuation & retirement > APD MySuper Dashboard

### APD MySuper Dashboard

Use this dashboard to compare this APD MySuper with other MySuper products.

**Chance your fund balance will go down**

**High risk**  
Fund balance expected to go down 5 out of every 20 years

*The higher the return target, the more often you would expect the fund balance to go down.*

*If you're a long way off retirement the ups and down of your fund balance will have less of an impact than if you're close to retirement.*

**Your fee estimate**

Your balance:

Your fee estimate: **\$345** per year

*MySuper industry average: \$525*

**Historical return target**

2002 - 2012: Target return was **5% per year**

Average actual return was **4.5% per year**

**Return target for 2014-2023**

**3% per year** above inflation, after fees and taxes.

Return target is APD's estimate of the 10 year average investment return per year above inflation, after fees and taxes.

**Historical returns per year above inflation, after fees and taxes (years ending 30 June)**

Year	Return (%)
2005	14%
2006	18%
2007	19%
2008	-8%
2009	-15%
2010	9%
2011	10%
2012	2%
2013	15%

Last updated: 04 Sep 2013

**Contact us:**

*Victoria Parr*

[victoria@latitudeinsights.com.au](mailto:victoria@latitudeinsights.com.au)

*Margie Lane*

[margie@latitudeinsights.com.au](mailto:margie@latitudeinsights.com.au)

*Kate Reardon*

[kate@latitudeinsights.com.au](mailto:kate@latitudeinsights.com.au)

---



LATITUDE INSIGHTS  
*Changing the conversation*

**Melbourne office**

312 Waverley Road  
Malvern East VIC 3145  
P: +61 3 9571 1199

**Sydney office**

Suite 8, 43-45 Burns Bay Road  
Lane Cove NSW 2066  
P: +61 2 9420 2337

E: [conversations@latitudeinsights.com.au](mailto:conversations@latitudeinsights.com.au)  
W: [latitudeinsights.com.au](http://latitudeinsights.com.au)