



SMSF SAVINGS ACCOUNTS

STAR RATINGS
METHODOLOGY

What are the CANSTAR Self-Managed Super Fund (SMSF) Savings Account Star Ratings?

CANSTAR's *SMSF Savings Accounts Star Ratings* use a sophisticated rating methodology, unique to CANSTAR, which compares SMSF savings accounts in Australia. CANSTAR star-rated products represent a shortlist of financial products, enabling consumers to narrow their search to products that have been independently assessed and ranked. CANSTAR *SMSF Savings Accounts Star Ratings* is a transparent analysis comparing all types of SMSF accounts for an array of characteristics such as:

- Interest rates
- Fees
- Free transactions
- Accessibility
- Rebates
- Features

Ratings range from five- to one-star. Five-star rated products have been assessed as offering outstanding value to consumers. Rising stars are those products that would be rated five-star or higher but have not been in the market for more than six months; these products will be formally rated in the next report once more historical data is available.

What types of products are evaluated for the SMSF Savings Account Star Ratings?

Personal and business savings accounts that are available for SMSF are eligible to be rated in the *SMSF Savings Account Star Ratings*. These are not limited to the following types of accounts:

The following account types are assessed in the ratings:

- Business and personal online savings accounts
- Retirement saving accounts
- Cash management accounts
- High yield accounts

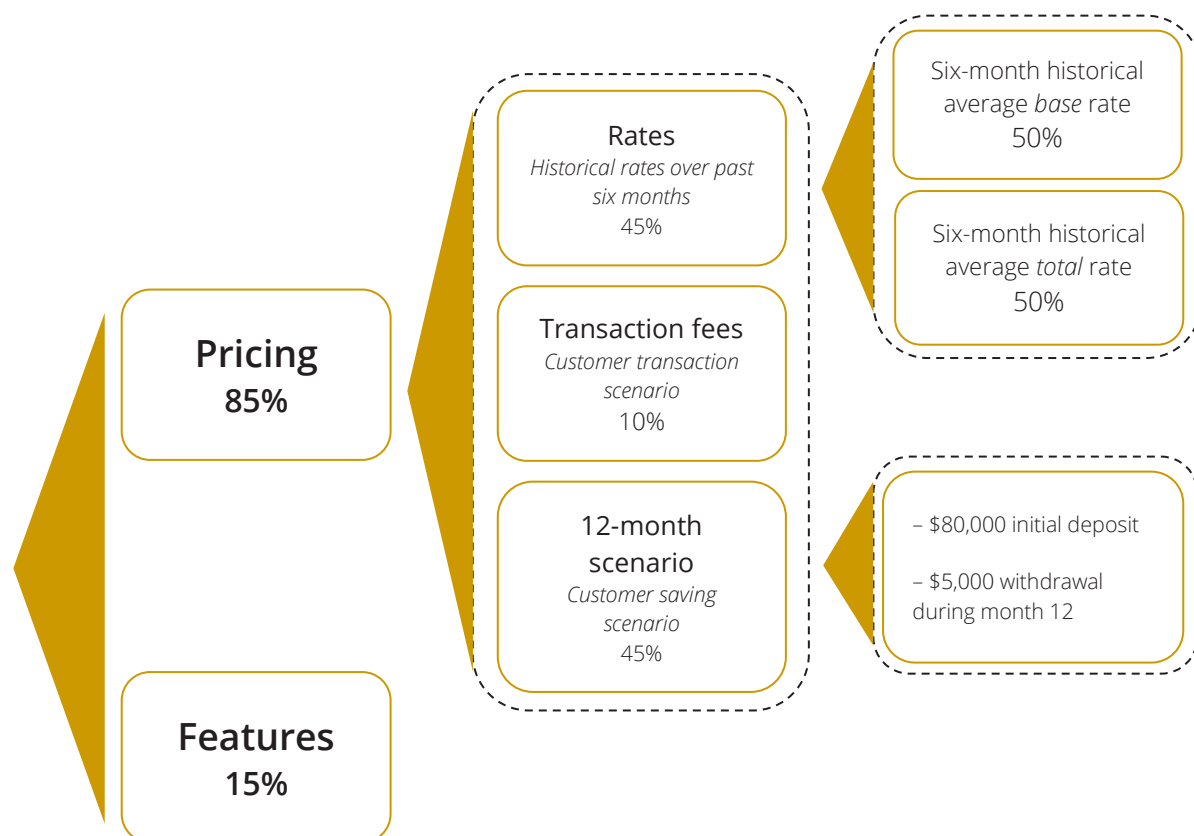
Products specific to certain groups or with restrictions on eligibility are not included in the ratings. At the time of assessment, SMSF savings accounts require a minimum interest rate of 1% for a balance of \$100,000 to ensure like-for-like comparison.

How are the 'stars' calculated?

Each SMSF savings account reviewed for the CANSTAR *SMSF Savings Accounts Star Ratings* is awarded points for its comparative pricing and for the array of positive features attached to the account. These features include accessibility, conditions attached to interest payments and reporting tools offered on the product. Points are aggregated to achieve a Pricing score and a Feature score.

To arrive at the total score, CANSTAR applies a weight against the Price and Features. This weight reflects the relative importance of costs or features in determining the best SMSF savings account. This method can be summarised as:

TOTAL SCORE = PRICING + FEATURES SCORE



Pricing score

CANSTAR accounts for both current and historical interest rates in the calculation of the Pricing component of each product's overall score. Current fees are also used in the calculation of Pricing.

Historical interest rate

Each SMSF savings account's base and total interest rate were taken into account over the past six months to assess the strength and consistency of a product's rate structure. CANSTAR's methodology accounts for the tiered interest rate structure of SMSF savings accounts. The tiers for historical rate calculations were applied in the following manner:

	Tier 1	Tier 2	Tier 3
Interest rate tier weighting	50%	35%	15%
Interest tier amount	\$25,000	\$50,000	\$100,000

Transaction fee scenario

The scenario analysis is conducted using CANSTAR's unique transaction calculator, which incorporates essential transaction fees and charges, rebates and free transactions. The calculator interlinks the transaction behaviour of 500 hypothetical depositors with the pricing structure of the deposit accounts.

For the SMSF Saver, the calculator looks at the total cost of keeping the account active and transacting online in line with the following parameters. The product with the lowest cost receives the highest score in the scenario analysis.

	Scenario amount
Average number of transactions (per month)	5
Average balance	\$25,000
Average deposit	-

12-month scenario

The 12-month scenario looks closely at the current promotion and/or bonus rate conditions of each SMSF savings account. A balance of \$80,000 is made and left for 12 months to accrue interest. A small withdrawal of \$5,000 is made in the last month to take into account any bonus conditions that may affect further accrual of interest.

Feature score

The features component takes into account more than 100 product features with weights given to each relevant area. Examples include minimum opening deposit, minimum withdrawal and ATM facilities.

Category description	Feature weighting
Account facilities	25%
Specific conditions	45%
Exemptions from fees and charges	5%
Account design options	5%
Mobile banking and security	20%

Each of the product features is allocated points that are awarded for positive deposit account traits such as no fees or greater flexibility. As features are relatively static, they are not measured over time.

How many products and financial institutions are analysed?

CANSTAR analysed 153 SMSF saving accounts from 70 financial institutions in Australia.

Does CANSTAR rate all products available in the market?

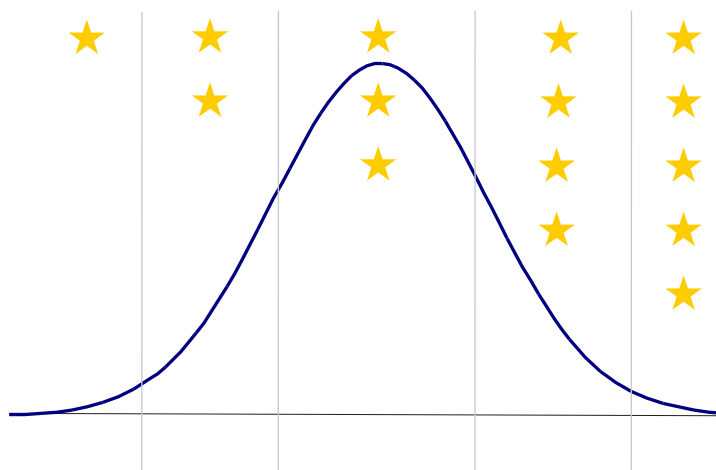
We endeavour to include the majority of product providers in the market and to compare the product features most relevant to consumers in our ratings. However this process is not always possible and it may be that not every product in the market is included in the rating nor every feature compared that is relevant to you.

How often are all the products reviewed for rating purposes?

All ratings are fully recalculated every 12 months based on the latest features offered by each institution. All awards are recalculated every year based on the latest ratings. CANSTAR also monitors rate changes on an ongoing basis.

How are the stars awarded?

The total score received for each profile ranks the products. The stars are then awarded based on the distribution of the scores with the objective to award the top 5-10% of products with the CANSTAR five-star rating.



The results are reflected in a consumer-friendly CANSTAR star rating concept, with five stars denoting outstanding value.

Does CANSTAR rate other product areas?

CANSTAR researches, compares and rates the suite of banking and insurance products listed below. These star ratings use similar methodologies to guarantee quality, consistency and transparency. Results are freely available to consumers who use the star ratings as a guide to product excellence. The use of similar star ratings logos also builds consumer recognition of quality products across all categories. Please access the CANSTAR website at www.canstar.com.au if you would like to view the latest star ratings reports of interest.



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|---------------------------|-------------------------|------------------------|
| • Account based pensions | • Agribusiness | • Business banking |
| • Business life insurance | • Car insurance | • Credit cards |
| • Deposit accounts | • Direct life insurance | • First home buyer |
| • Health insurance | • Home & contents | • Home loans |
| • Landlord insurance | • Life insurance | • Managed investments |
| • Margin lending | • Online banking | • Online share trading |
| • Package banking | • Personal loans | • Pet insurance |
| • Reward programs | • Superannuation | • Term deposits |
| • Travel insurance | • Travel money cards | • Youth banking |

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