



What are the Canstar *Superannuation Star Ratings*?

Canstar's *Superannuation Star Ratings* use a sophisticated and unique rating methodology that considers investment performance, fees and product features across superannuation products.

Canstar's star ratings represent a shortlist of products enabling consumers to narrow their search to products that have been assessed and ranked. The results are reflected in a consumer-friendly five star concept. Ratings range from one to five stars. All 5-Star rated products have been assessed as offering outstanding value to consumers.

How are the Canstar *Superannuation Star Ratings* structured?

The Canstar *Superannuation Star Ratings* consist of two separate star ratings, individual profile star ratings and overall star ratings. The individual profile star ratings evaluate product performance across five ages and five different balance amounts. The overall star rating recognises a product's cumulative score on a weighted basis across the individual profiles.

To be eligible to receive a Canstar star rating a superannuation product is required to have been in the market for at least six years at the time of the comparison. Superannuation products with less than six years but three or more years of performance data available are considered for an indicative rating. This provides an indication of the product's performance against its peers based on the period which the product has been available. Once a product has six years of performance data available, it receives a formal rating.

What types of products are evaluated for Canstar's *Superannuation Star Ratings*?

To be eligible for evaluation in Canstar's *Superannuation Star Ratings*, a superannuation product must:

- Belong to a provider open to the public, not restricted solely to members of a specific organisation (i.e. corporate products and products closed to new members are ineligible)
- Be available directly to consumers without the need for an intermediary (such as a financial planner)
- Not be a wrap only product. Wrap platforms are typically only accessible through a broker and can entail wrap fees in addition to fees associated with the superannuation product itself
- For comparison purposes, have six years of performance data available to receive a star rating (products with three, four or five years of performance data will receive an indicative rating)
- Belong to a provider with funds under management (FUM) of at least \$100m (superannuation and pension assets combined)
- PAYG or Employer contribution products to be used for all providers if available.

How are the Canstar *Superannuation Star Ratings* calculated?

Superannuation products included in the Canstar *Superannuation Star Ratings* are assessed across 25 consumer profiles, considering age and account balance. Products are awarded a star rating in each profile based on a relative comparison across their investment performance, fees, insurance offering and product features.



The twenty-five profiles considered in the rating are made up of the ages and balances shown below:

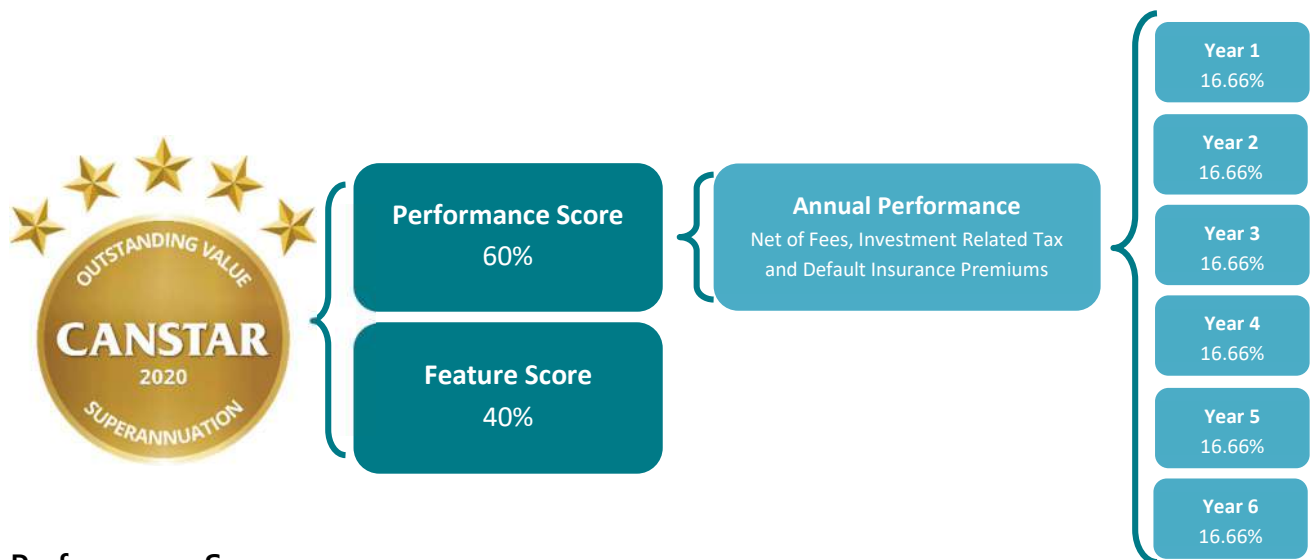
Age	Balance
Twenties (20 to 29 years)	\$30,000
Thirties (30 to 39 years)	\$80,000
Forties (40 to 49 years)	\$180,000
Fifties (50 to 59 years)	\$500,000
Sixties (60 to 69 years)	\$1,500,000

Star Ratings Methodology

Each eligible superannuation product reviewed for the Canstar *Superannuation Star Ratings* is awarded points for its historical investment performance after fees and the array of features attached to the product. Points are aggregated to achieve a performance score and a feature score.

To arrive at the total score, Canstar applies a weight against the performance score and the feature score. The weights reflect the relative importance of performance and features in determining which products offer outstanding value to consumers. This method can be summarised as:

$$\text{Total Score} = \text{Performance Score} + \text{Feature Score}$$



Performance Score

The performance score takes into account a product's annual investment returns net of fees, investment related tax and default insurance premiums. Fees are inclusive of administration fees, investment management fees, performance fees and other indirect costs where applicable.

The Annual Performance can be summarised as follows:



The period of consideration is six years with each year compared separately and weighted equally. The product with the highest annual performance per year is allocated the maximum score; all remaining products are awarded a score across a normal distribution relative to the average annual performance within the profile.

The base annual performance used is net of investment related tax, investment management fees, performance fees and other indirect costs. The base investment return is subsequently adjusted by both administration fees and default insurance premiums in formulating the Performance Score.

Prior to deduction from the annual investment return, administration fees (where not already expressed in percentage terms) and default insurance premiums are converted to percentage terms relative to the profile balance.

5.4.1 Investment Return

Canstar considers the annual investment return of a product's default investment option, including the default life-stage option when offered. Where a product does not have a default investment option, annual returns for the investment option with the highest funds under management and a 60-80% growth asset allocation are used.

5.4.2 Administration Fees

Canstar captures administration fees to account for their impact on investment returns. Administration fees are deducted from the annual base investment return in compiling the performance score. Where applicable, both dollar and percentage administration fees are considered.

To account for any applicable fee tiering across different balance amounts, 100 account balances are used per profile, built around a distribution based on the minimum, average and maximum account balance specified for each profile.

Balance	Minimum Balance	Average Balance	Maximum Balance
\$30,000	\$6,000	\$30,000	\$54,499
\$80,000	\$55,000	\$80,000	\$104,999
\$180,000	\$105,000	\$180,000	\$254,999
\$500,000	\$255,000	\$500,000	\$744,999
\$1,500,000	\$745,000	\$1,500,000	\$2,255,000

Other one-off fees such as contribution fees, withdrawal fees and advice fees are not considered.

5.4.3 Default Insurance Premiums

While default insurance can be a positive feature within a superannuation product, the associated premiums can impact the value of investment returns. Where a product includes default insurance, premiums for death cover, total and permanent disablement (TPD) cover and income protection are considered. The cumulative annual default insurance premium is then evaluated against the balance within the specific profile and deducted from the annual investment return. Where a product does not include default insurance, no insurance deduction is made.

Feature Score

The feature score takes into account a number of features within five different categories, with individual features allocated points and each category, and subcategory, assigned a weighting. The product with the highest feature score is allocated the maximum score, with all remaining products within the profile scored against it.

The feature categories and subcategories, with assigned weights for each profile considered, are as follows:

Category/Subcategory	Twenties	Thirties	Forties	Fifties	Sixties
Opening	2.5%	2.5%	2.5%	2.5%	2.5%
Investment Flexibility	17.5%	17.5%	17.5%	17.5%	17.5%
Voluntary Contribution	15%	15%	15%	15%	15%
Option Switching	10%	10%	10%	10%	10%
Managed Funds	55%	55%	55%	55%	55%
Listed Securities	15%	15%	15%	15%	15%
Term Deposits	5%	5%	5%	5%	5%
Insurance	40%	35%	30%	25%	20%
Death Cover Features	20%	30%	40%	40%	40%
Default	50%	50%	50%	50%	50%
Sum Insured Amount	80%	80%	80%	80%	80%
Terms	20%	20%	20%	20%	20%
Tailored	50%	50%	50%	50%	50%
TPD Cover Features	30%	30%	30%	30%	30%
Default	50%	50%	50%	50%	50%
Sum Insured Amount	80%	80%	80%	80%	80%
Terms	20%	20%	20%	20%	20%
Tailored	50%	50%	50%	50%	50%
Income Protection Features	50%	40%	30%	30%	30%
Default	50%	50%	50%	50%	50%
Sum Insured Amount	80%	80%	80%	80%	80%
Terms	20%	20%	20%	20%	20%
Tailored	50%	50%	50%	50%	50%
Support	35%	40%	45%	50%	55%
Tools & Education	35%	35%	35%	35%	35%
Advice	45%	45%	45%	45%	45%
Online Access	15%	15%	15%	15%	15%
Phone Access	5%	5%	5%	5%	5%
Closing	5%	5%	5%	5%	5%

How are the Overall Star Ratings for Superannuation calculated?

Canstar awards an overall star rating to eligible products, recognising a product's cumulative score across the individual profile star ratings.

To be considered for an overall star rating, a superannuation product must, in addition to being eligible for inclusion in the star ratings, be available nationwide.

The table below provides the weight applied to each individual profile in the formulation of the overall star ratings.

Profile Balance	Profile Age Group					Total (%)
	Twenties	Thirties	Forties	Fifties	Sixties	
\$30,000	16%	10%	6%	4%	2%	38%
\$80,000	4%	8%	8%	4%	3%	27%
\$180,000	-	2%	4%	6%	6%	18%
\$500,000	-	-	2%	4%	6%	12%
\$1,500,000	-	-	-	2%	3%	5%
Total (%)	20%	20%	20%	20%	20%	100%

How often are products reviewed for star ratings and award purposes?

Ratings and awards are recalculated annually based on the latest features offered by each product. Canstar also monitors changes on an ongoing basis. The results are published in a variety of mediums (newspapers, magazine, television, websites, etc.).

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.

Does Canstar rate other product areas?

Canstar researches, compares and rates the suite of banking, wealth 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.



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

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The ratings and awards results do not include all providers and may not compare all features relevant to you. The rating or award is only one factor to take into account when considering these products. Canstar acknowledges that past performance is not a reliable indicator of future performance.

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