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2024 Forces at Work Report

## Maximising members' retirement outcomes:

Profit-to-member funds double retirement market share in 8 years

**EXCERPT**

July 2024

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# Excerpt from the 12th edition of the Forces at Work Report



## About the Report

Right Lane Consulting produces what we believe to be the leading research on the forces at work impacting the superannuation sector, publishing a report to subscribers each year around March.

The annual Forces at Work Report typically has 4 to 5 chapters and runs 65 to 100 pages. This year, there were around 90 pages of analysis over 4 chapters, covering industry structure and competition, and a deep-dive on retirement, including current competitive dynamics, the evolving needs of older Australians, learnings from other pension systems and the role of default settings alongside help and guidance.

The Report draws on several sources of insight – our own analysis, APRA data, publicly available reports and commentary, and in-depth interviews with industry leaders. This year, we interviewed 20 leaders for the Report, including 10 CEOs, and 3 international contacts with expert perspectives on overseas retirement income systems. We thank them for their contributions.

## Maximising members' retirement outcomes: Profit-to-member funds double retirement market share in 8 years, but significant challenges must be met to achieve market leadership by 2030

The title of the twelfth edition of Right Lane's Forces at Work Report reflects the success of the profit-to-member sector in translating its growth in members and their savings over the last 30 years into the 'drawdown phase', an area, up until recently, dominated by retail funds.

With a wave of retirees facing the nation, profit-to-member funds are well-positioned to help shape a system that can better support older Australians as they navigate their retirement, a time that can be beset with complexity.

The document contains select pages from the Report on the market share and competitive dynamics in the drawdown phase. This analysis was provided to inform the article in the Australian Financial Review dated 5 July 2024. <https://www.afr.com/chanticleer/industry-super-has-overcome-its-last-frontier-retirees-20240705-p5jrfy>

Please enjoy the extract and get in touch if you would like to discuss further.

Helena McGeorge  
*Associate Principal*

Marc Levy  
*Chair*

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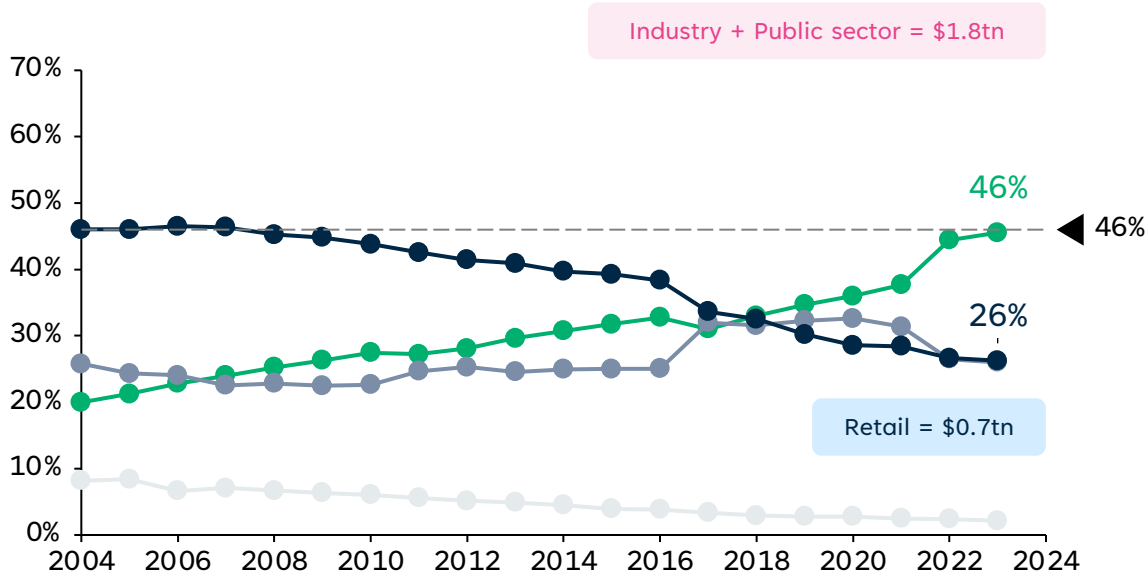
# The reversal of industry and retail fund market share is now complete with the former capturing the share of assets the latter had 20 years ago



## Share of superannuation assets

Share of total APRA-regulated superannuation assets (%)<sup>1,2</sup>, FY2004-23

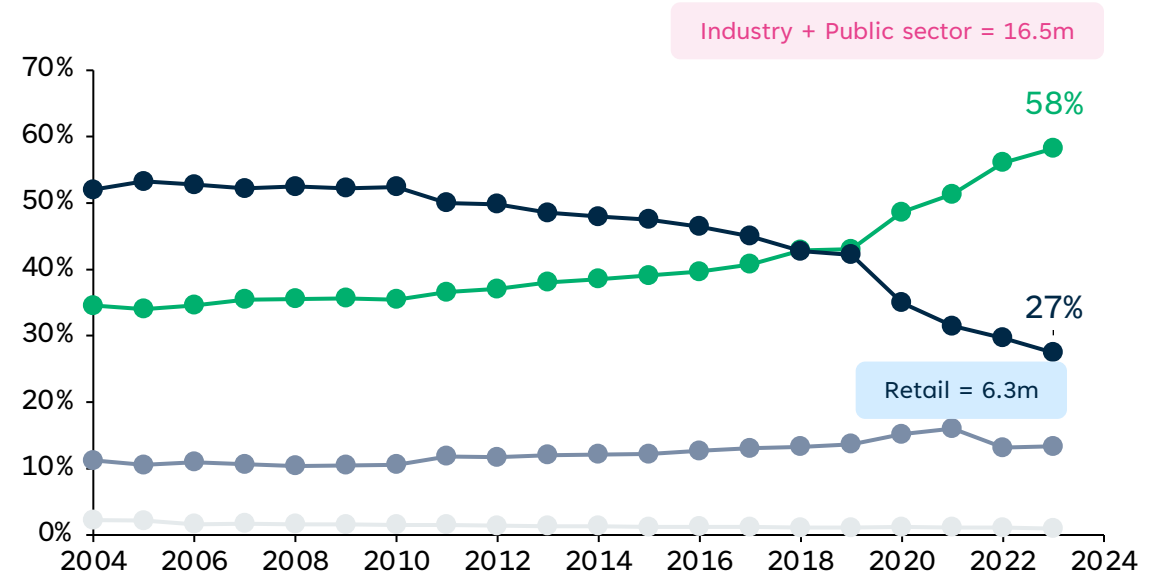
Corporate Industry Public Sector Retail



## Share of superannuation member accounts

Share of member accounts in APRA-regulated superannuation funds (%)<sup>1,2</sup>, FY2004-23

Corporate Industry Public Sector Retail



<sup>1</sup>Excludes SMSF assets. <sup>2</sup>CSC included in public sector, whereas elsewhere it is excluded as it is not public offer.

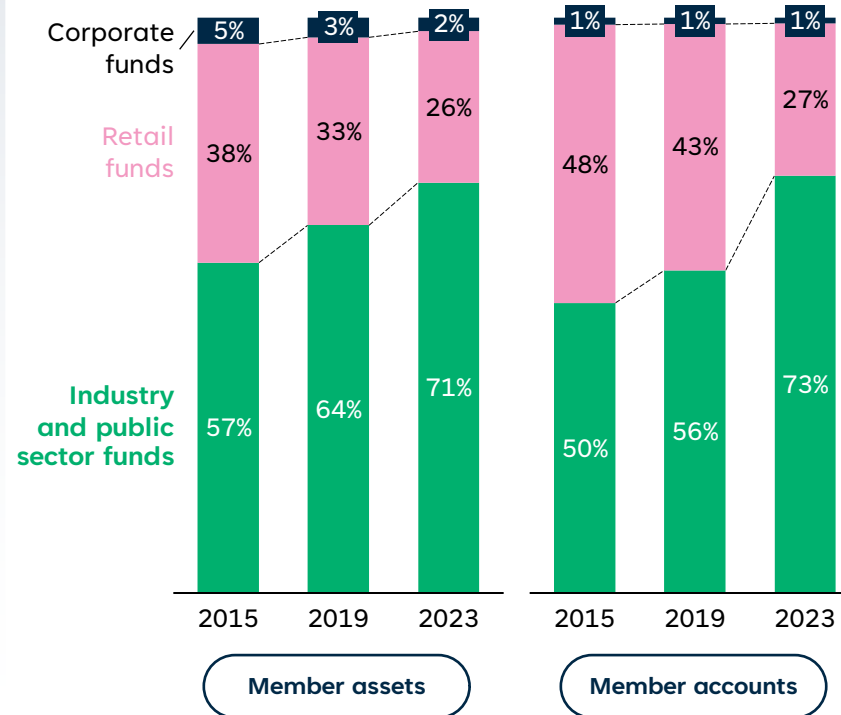
# Over 50% of member assets in drawdown are now held by profit-to-member funds, who are translating their success in accumulation into the drawdown phase



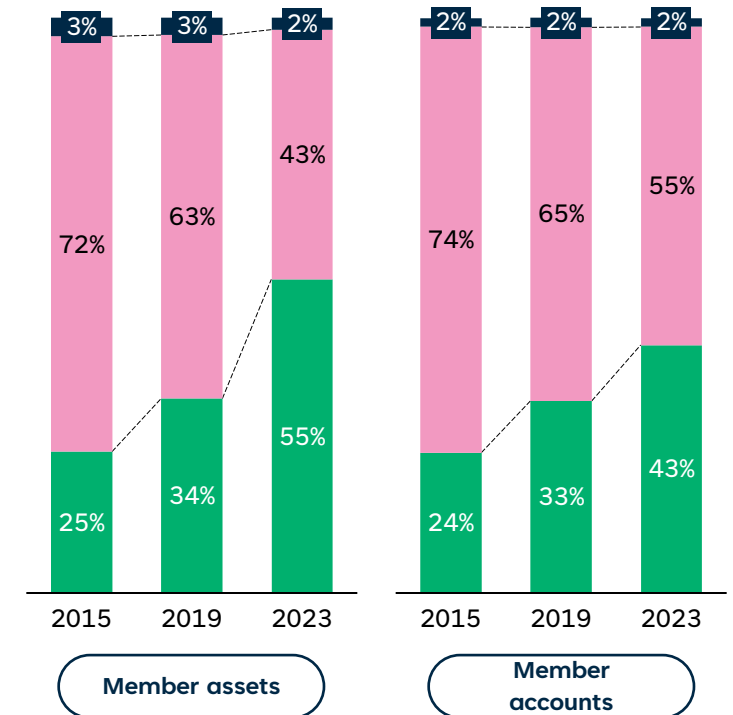
Industry funds in particular have continued to grow their share of superannuation assets in the accumulation phase, a result of their positioning to capture new members and switchers.

The gains made by industry funds in accumulation are now translating through to drawdown, as their members age and offerings develop, at the expense of retail funds.

Share of SAVERS<sup>1</sup> superannuation member assets and accounts by sector, 2015 vs 2023



Share of RETIREES<sup>1</sup> superannuation assets and accounts by sector, 2015 vs 2023



Note: <sup>1</sup>'Savers' are accounts and balances in taxed phase (as determined by APRA); 'Retirees' are accounts and balances in tax free phase (as determined by APRA).

Notes: APRA regulated funds only; Analysis includes public offer and non public offer industry and public sector funds. CSS fund has been excluded for this analysis. Totals may not tally to 100% due to rounding.

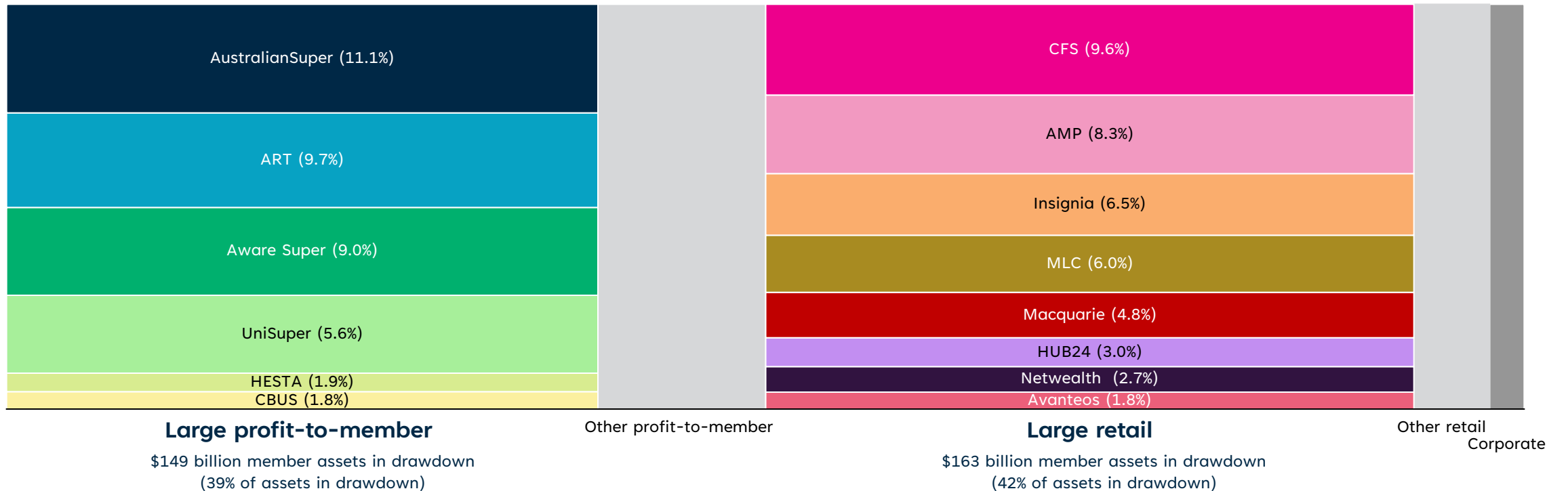
Sources: Right Lane Consulting. (2024).; APRA. (2023). Annual fund-level superannuation statistics back series. December 2023. Table 11.

# 14 profit-to-member and retail funds hold 80% of all drawdown assets



Profit-to-member funds hold 3 of the top 5 spots by share of member assets in drawdown (excluding defined benefit products). AustralianSuper holds the highest share of the drawdown market at 11.1%, with ART following at 9.7%, and Colonial First State at 9.6%.


Share of member assets in drawdown, by category and fund, FY2023



Note: 'Drawdown' refers to transition to retirement (TTR) and retirement pension products. Defined benefit products are excluded. Analysis includes public offer and non public offer industry and public sector funds. CSS fund has been excluded for this analysis. Retail funds have been aggregated up to their parent company/brands. Sources: Right Lane Consulting. (2023).; APRA. (2023, June). Quarterly Superannuation Product Statistics. Table 1a.

## Right Lane Consulting

 [rightlane.com.au](https://rightlane.com.au)

 Level 13, 380 La Trobe St  
Naarm (Melbourne) VIC 3000