

Types of Super Funds

There are many super funds to choose from, so you don't have to pick the first one you see. There's a fund out there that's just right for you.

There are many types of super fund, each is a bit different. Knowing the different types of fund will make it easier for you to choose a fund.

My Super

Many super funds offer a new type of account called MySuper. MySuper has replaced most existing default accounts offered by super funds. If you don't choose a super fund yourself your employer must now pay your employer contributions into a MySuper account.

MySuper accounts generally offer:

-) Lower fees (and restrictions on the type of fees you can be charged)
-) Simple features so you don't pay for services you don't need
-) Single or life stage investment options
-) Life insurance on an opt-out basis

MySuper is only offered for accumulation funds, not for defined benefit funds and does not apply to accounts in pension phase. Retail, industry and corporate funds can all offer MySuper accounts.

Retail funds

Retail funds are usually run by banks or investment companies.

-) Anyone can join
-) They often have a large number of investment options, sometimes in the hundreds
-) They are usually recommended by financial advisers who may be paid for their advice by fees and/or a commission (commissions are being phased out)
-) They are usually accumulation funds
-) Most retail funds range from mid to high cost, but some are now offering a low cost or MySuper alternative
-) The company that owns the fund aims to retain some profit

Industry funds

The larger industry super funds are open for anyone to join. Some others are restricted to employees in a particular industry. The main features of an industry fund are:

-) They usually have a smaller number of investment options, which will meet most people's needs
-) Most funds are accumulation funds. A few older funds still have defined benefit members
-) They are generally low to mid cost funds
-) Some offer MySuper accounts
-) They are 'not for profit' funds which means profits are put back into the fund for the benefit of all members

Public sector funds

Public sector funds were created for employees of Federal and State government departments. Most are only open to government employees. The main features are:

-) Some employers contribute more than the 9.5% minimum
-) A modest range of investment choices that will meet most people's needs
-) Many long-term members have defined benefits, newer members are usually in an accumulation fund
-) They generally have very low fees and some offer MySuper accounts
-) Profits are put back into the fund for the benefit of all members

Corporate funds

A corporate fund is arranged by an employer, for its employees. Some larger corporate funds have an employer who also operates the fund under a board of trustees appointed by the employer and employees.

Other corporate funds may be included as a separate part of a large retail or industry super fund (especially for small- and medium-sized employers).

Features of these funds include:

-) Funds run by the employer or an industry fund will usually return all profits to members while those run by retail funds will retain some profits
-) Those managed by a larger fund may offer a wider range of investment options
-) They are generally low to mid cost funds for large employers but may be high cost for small employers
-) Some older corporate funds have defined benefit members, most others are accumulation funds

Eligible rollover funds

An eligible rollover fund (ERF) is a holding account for lost members or inactive members with low account balances. These funds cannot receive employer contributions.

Just like ordinary super funds, some ERFs have low investment returns and may charge high fees, while others have good returns and low fees.

Some ERF providers will try to find your active super fund as your money is likely to grow faster if you consolidate your ERF with your active super fund.

Self-managed super funds

These funds are discussed in detail in the [Self Managed Super Funds](#) section.

Extracted from www.moneysmart.gov.au