

ASFONZ

The Voice of Workplace Super

Choosing your provider – do you or don't you?

Issues for employers

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Agenda

- Market practice
- Pro's
- Con's
- If choosing a preferred provider, what to look for

Market practice

- Based on views of various market participants
- Where existing scheme being integrated with KiwiSaver, common to make current provider the default for KiwiSaver
- Where no existing scheme, mixed response – some do , some don't

Market practice (cont)

- If employer “embracing” KiwiSaver, eg subsidising at higher level than 1%, often chooses preferred provider
- If there is an existing provider relationship

Choosing a preferred provider – Pro's

- One contact point
- Can provide other benefits eg life cover (but not through KS – practical difficulties)
- Employee education
- Employees may be familiar with, and trust, provider

Choosing a preferred provider –Con's

- Employer is endorsing provider –risks involved
- Employees blame employer for poor performance or service
- Doesn't stop employees choosing another provider
- As new KiwiSaver employees join, number of providers rises so 'benefit' of a preferred provider is diluted

Choosing a preferred provider – what to look for

- Organisation
- Fund management track record
- Range of investment options
- Fees
- Administration capability
- Customer service and resources

Organisation

- Financial soundness
- Stability
- Superannuation experience
- Commitment to market
- Range of products
- Brand
- Ability / willingness to put things right when they go wrong

Fund management track record

- Performance history
- Experience
- Key people
- Investment process
- Reputation

Range of investment options

- Choice of risk profiles eg low risk, balanced, high risk
- Lifestyle option ie auto change asset mix as age changes
- Choice of managers
- Ability to split contributions

Fees

- Need to determine all fees:
 - Investment management
 - Establishment
 - Administration
 - Trustee
 - Transaction
 - Switching
 - Exit
- Note that more complex investment options will have higher fees
- Sorted website

Administration

- Superannuation experience
- IT resources
- Business continuity plans
- This is where it gets really hard to judge a provider – look good on the outside, but not on the inside

Customer service and resources

- One on one consultations / group sessions
- 0800 number
- Member material – eg risk calculator
- Online account balances, ability to make changes online eg personal details /switching etc
- Mortgage diversion?
- Key contact person