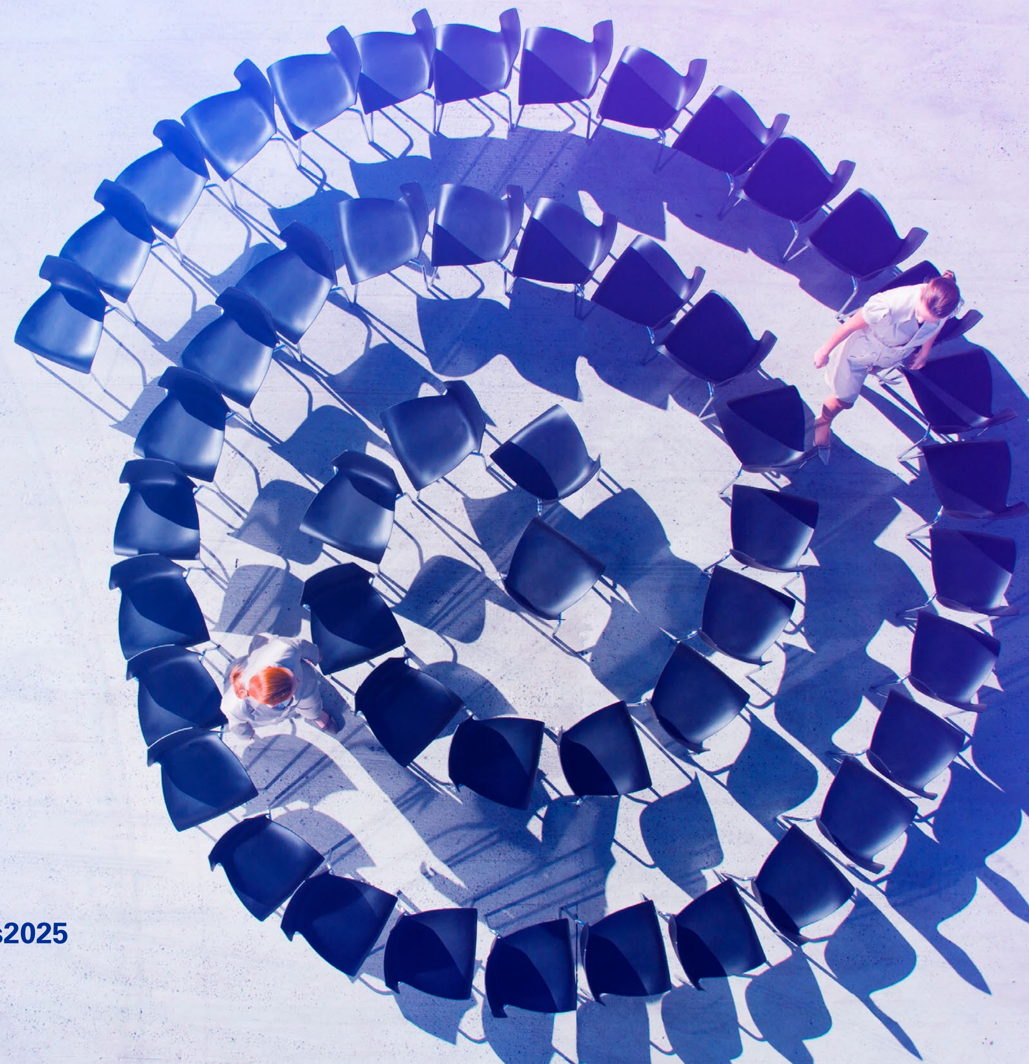
# Super Insights 2025

**Ability for super funds to transform and respond to market forces more important than ever**



May 2025

**KPMG.com/au/SuperInsights2025**

# Foreword

## Significant transformation and consolidation activity in the super sector – when the music stops, where will super funds and service providers find their place within this evolving landscape?

The superannuation industry in Australia continues to undergo considerable change; indeed the pace of change is accelerating, with a number of forces driving the way the system will develop. These forces are leading changes across business models, ownership arrangements, operational frameworks, products and services, governance arrangements and ultimately the number of participants that will remain in the industry. We describe this as the 'superannuation musical chairs' phenomenon: When the music stops, where will super funds and service providers find their place within this evolving landscape?

As of 30 June 2024, total assets in the superannuation system have grown from $3.5 trillion to $3.9 trillion, largely due to another strong year in investment returns. However, the market conditions post 30 June 2024 have been volatile, and there have been fluctuations in monthly returns over the course of FY25 to date. The global economic headwinds and the impact of economic policies, such as tariffs, have significantly affected both global and domestic equity markets, resulting in less favourable returns for Australian superannuation funds.

This year has also seen intense regulatory scrutiny and activity covering various aspects such as super fund expenditure, best financial interests duty (BFID), investment governance, member servicing, trustee board governance (including fit and proper requirements) and accountability.

Funds need to consider the forces at play at a system, fund and member level as the impacts can be very different at these levels. These forces (including economic shocks) at the system level, if translated to member and fund levels, might lead to organisation change and business model implications for some super funds as trustees look to mitigate these risks in managing the superannuation arrangements of their members.

In this year's Super Insights, we worked with the Conexus Institute to illustrate the impact of the forces at the member and fund level. Please refer to page 33 for an overview of the impacts of big super from the lens of the overall system, superannuation fund and member levels.

Key themes that emerged this year include:

**Sustainability**

Sustainability remains a focal point for regulators, including APRA, as funds navigate the challenges of maintaining a viable business model while ensuring that expenditure is aligned with the best financial interests of their members. Indeed, from a system perspective, we have also seen APRA flag its intention to conduct a cross-sector stress test, to test financial stability and the interdependencies between the sectors.

**Member demographics and expectations**

Approximately 2.5 million Australians are expected to retire over the next 10 years, requiring superannuation funds to develop their retirement offering to cater for this demand. Retirees will need solutions to manage the risk they face (such as longevity and sequencing risk). They will want access to advice, connection and education to related services like Centrelink and aged care as well as appropriate member services like fast and reliable payments. At the same time, members of all demographics will expect their funds to keep pace with digital services.

This shift to retirement will also create new or increased risks for trustees to manage such as cyber threats, financial crime and scams, understanding vulnerable customers and liquidity management relating to the higher portion of pension payments which result from the demographic shift.

### Operational model changes and challenges

Some super funds have undergone challenges around their operating model and administration arrangements. The prioritisation of enhancing efficiencies to reduce administrative expenses, alongside migration and transition activities, has been a prominent issue. The emergence of new business models, acquisitions, and private equity investments brings additional complexity. We have also seen new entrants to the administration space, who see the opportunity to help Australian superannuation entities meet the high standards of member services and operational resilience expected of them.

### Best financial interests duty (BFID)

Delivering tangible financial benefits to members without compromising the robustness of the fund has been a central directive. Funds are under pressure to balance competitive performance with the sustainability of their operations.

### Market size and mergers

The question of whether size matters continues to interest all stakeholders in the industry, especially as merger activity has continued to reshape the landscape over the last five years. The integration activities underway will be closely watched for their impact on the value chain and the demonstration of member outcomes.

### Retirement products

Increased regulation for trustees and the ongoing examination of retirement offerings underscores the need for funds to attract members into the fund and retain members through superior retirement solutions. The risk of members leaving due to inadequate retirement products remains a concern, further highlighted by the industry's necessity to retain members amid increased competitive pressure.

### Retail market evolution and disruption in distribution models

There has been a noted resurgence in retail for-profit entities, bolstered by new and enhanced capabilities (with some funds, this has been as a result of the evolution of their business model and ownership arrangements). Disruptive trends in marketing and distribution models further contribute to the dynamic environment of the superannuation sector.

### Financial resilience

The capital and reserves of super funds are under the spotlight as questions about their financial resilience become more critical. Funds must demonstrate they are sufficiently robust to withstand economic shocks without compromising member benefits, whilst having sufficient financial resilience to cover for any operational risk items. Where financial resilience cannot be demonstrated, funds are compelled to consider and appropriately plan for merger.

In conclusion, 2024 was a year marked by substantial regulatory, operational, and market transformations. Superannuation funds face a future where strategic planning and adaptability are more important than ever. As we look ahead, KPMG is committed to supporting the industry in navigating these changes, ensuring that superannuation continues to deliver strong, sustainable outcomes for all members.

We are calling this period 'superannuation musical chairs' – and when the music stops, the industry's ability to adapt and evolve will ultimately determine it's future success.

**Linda Elkins**
National Sector Leader,
Asset & Wealth Management,
KPMG Australia

*The KPMG Super Insights Dashboard* contains interactive versions of many of the charts and graphs included in this report, as well as additional information.

Throughout this report, we have tips on how to use the Dashboard to get additional information. For example, the Dashboard enables you to filter the data based on your own preferences. You can view industry and fund metrics for a particular year or segment of the industry, as well as view metrics for an individual fund in comparison to a peer group.

**The Dashboard can be accessed via our website at:**
**KPMG.com/au/SuperInsights2024**


## Additional analysis or information

For any funds seeking additional information or further analysis of the data contained within the KPMG Super Insights Dashboard, KPMG's data analytics and insights team would be more than happy to discuss your requirements. This can include analysis of the performance of your fund against peer or competitor funds, modelling of impacts of potential fund mergers and projections of data. Feel free to get in touch with one of the KPMG contacts in this report.

# Market overview

## Continued growth of the industry funds

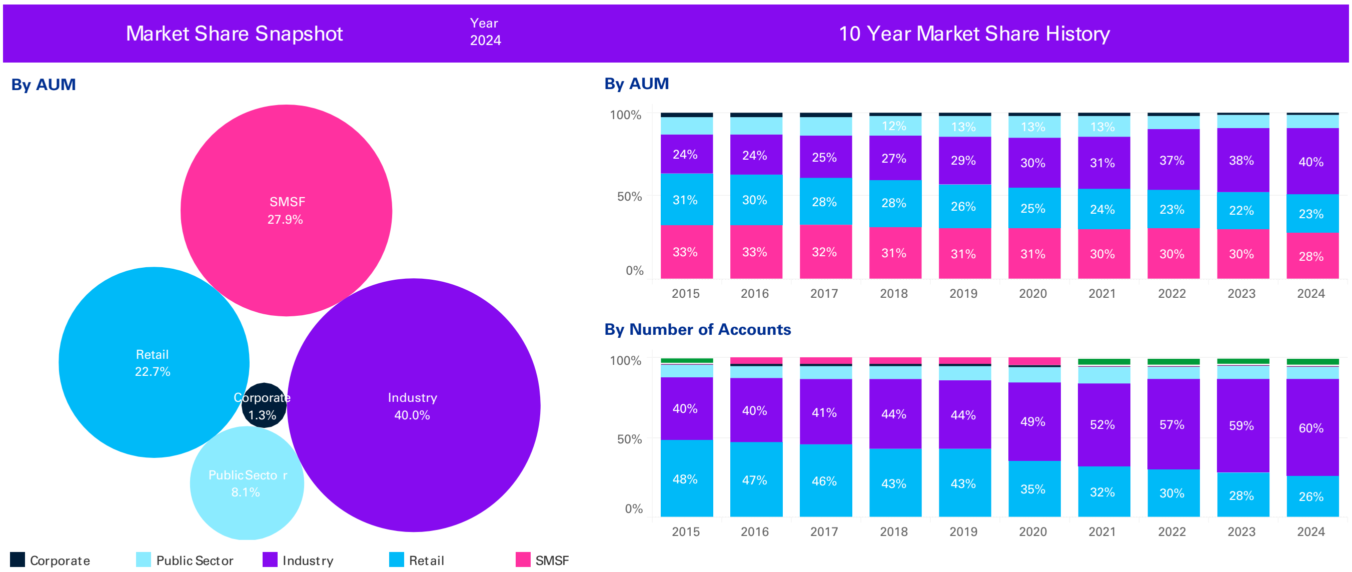
Over FY24, industry funds increased their market share by 1.8%, growing from 38.2% to 40%. This growth came at the expense of self-managed super funds (SMSFs), which saw their market share decrease by 2.1%, from 30% to 27.9%. Over the past five years, industry funds have gained significant momentum, raising their market share by 10.4%, from 29.6% in 2020 to 40% in 2025.

Over the same five-year period, retail funds have seen contraction in market share of 1.8% from 24.5% to 22.7%. However, the figure of 22.7% represents an increase of 0.3% market share in FY23.

Corporate funds continue to see contraction with a 0.1% decrease in market share throughout FY24 as they did in FY23.

To view this data in the Dashboard select view 2: Market Share.

**Chart 1: Market Share**




[1] We define a mega fund as having $100 billion or more in AUM

To view this data in the Dashboard select view 4: Market Share.

## Chart 2: Market Position


Both AustralianSuper and Australian Retirement Trust retained their lead over the rest of the industry in relation to AUM and number of member accounts.

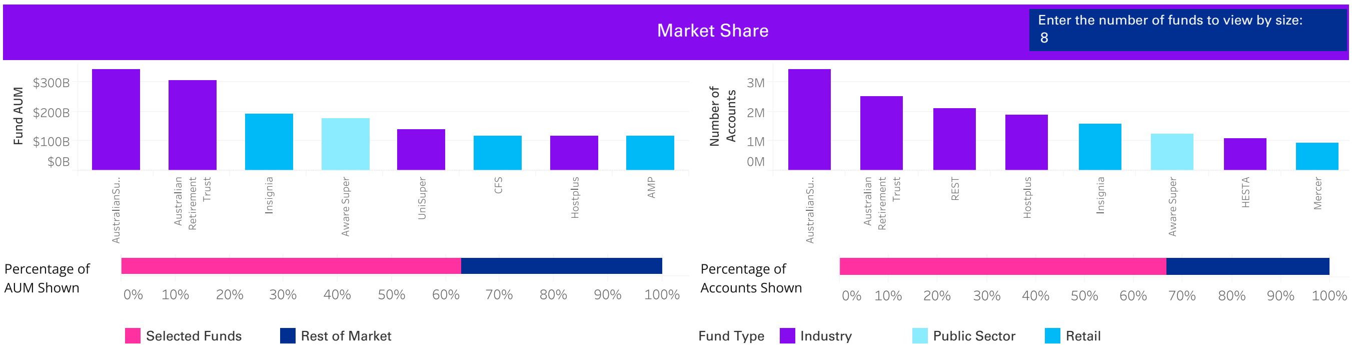
## Make-up of the industry by fund

There are eight mega funds with more than $100 billion in assets in FY24, with Hostplus ($115 billion AUM as at 30 June 2024) being the additional fund meeting KPMG's classification of a mega fund since FY23. In FY24, the eight mega funds included four industry funds, one public sector fund (Aware Super) and three retail funds.

There are another six funds sized between $50 billion and $100 billion (which has remained the same from FY23). Following the merger between Spirit Super and CareSuper, the combined fund is the new fund in the $50 billion to $100 billion AUM range. There are now eight funds between $25 billion and $50 billion, which has increased from 2023 (where there were four funds).

To see the top eight funds in the Dashboard, go to view 1: Industry Overview and in the Market Share section on the right-hand side you can select the number of funds to view at a time – select 8.

**Chart 3: Market share – 8 mega funds (greater than $100b)**

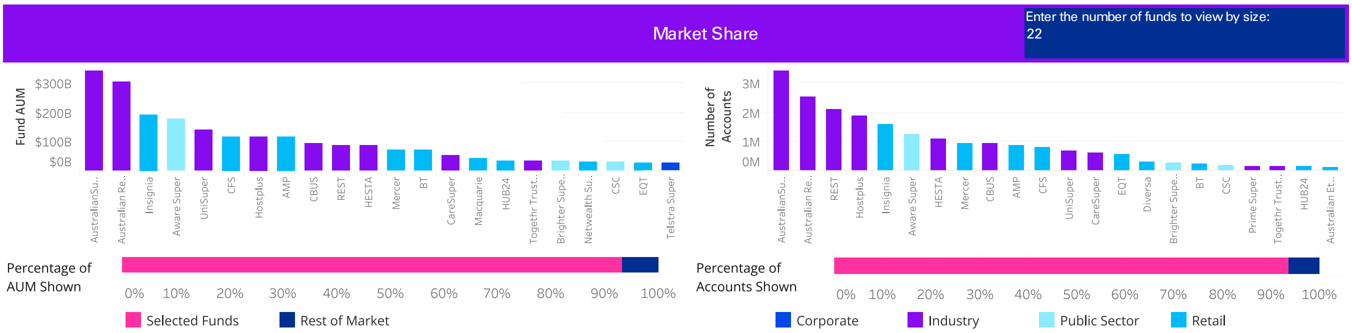



[1] We define a mega fund as having $100 billion or more in AUM

To see the top 22 funds in the Dashboard, go to view 1: Industry Overview and in the Market Share section on the right-hand side you can select the number of funds to view at a time – select 22.

### Chart 4: Market share – 22 largest funds (greater than $20bn)

22 funds which have AUM above $20 billion (refer below) make up 93.2% of assets in the super industry (excluding SMSFs)




To view this data in the Dashboard, select view 1: Industry Overview.

### Chart 5: Industry overview

**Summary By Size**

| Fund Size | No. of Members | No. of Entities | Total AUM | Change in No. Funds* | Change in AUM* | Growth in AUM |
|---|---|---|---|---|---|---|
| < $10 B | 0.9M | 21 | $79B | ↓ | ↓ | -5% |
| $10 to $25 B | 0.7M | 6 | $82B | ↓ | ↓ | -62% |
| $25 to $50 B | 1.6M | 8 | $256B | ↑ | ↑ | 100% |
| $50 to $100 B | 5.9M | 6 | $462B | ○ | ↓ | 0% |
| > $100 B | 12.9M | 8 | $1,501B | ↑ | ↑ | 20% |
| Total | 22.0M | 49 | $2,380B | ↓ | ↑ | 11% |

**Summary By Type**

| Fund Type | No. of Members | No. of Funds | Total AUM | Change in No. Funds* | Change in AUM* | Growth in AUM |
|---|---|---|---|---|---|---|
| Corporate | 0.2M | 4 | $42B | ↓ | ↑ | 1% |
| Industry | 14.0M | 20 | $1,321B | ↓ | ↑ | 13% |
| Public Sector | 1.9M | 6 | $269B | ↓ | ↑ | 9% |
| Retail | 6.0M | 19 | $749B | ↓ | ↑ | 9% |
| Total | 22.0M | 49 | $2,380B | ↓ | ↑ | 11% |

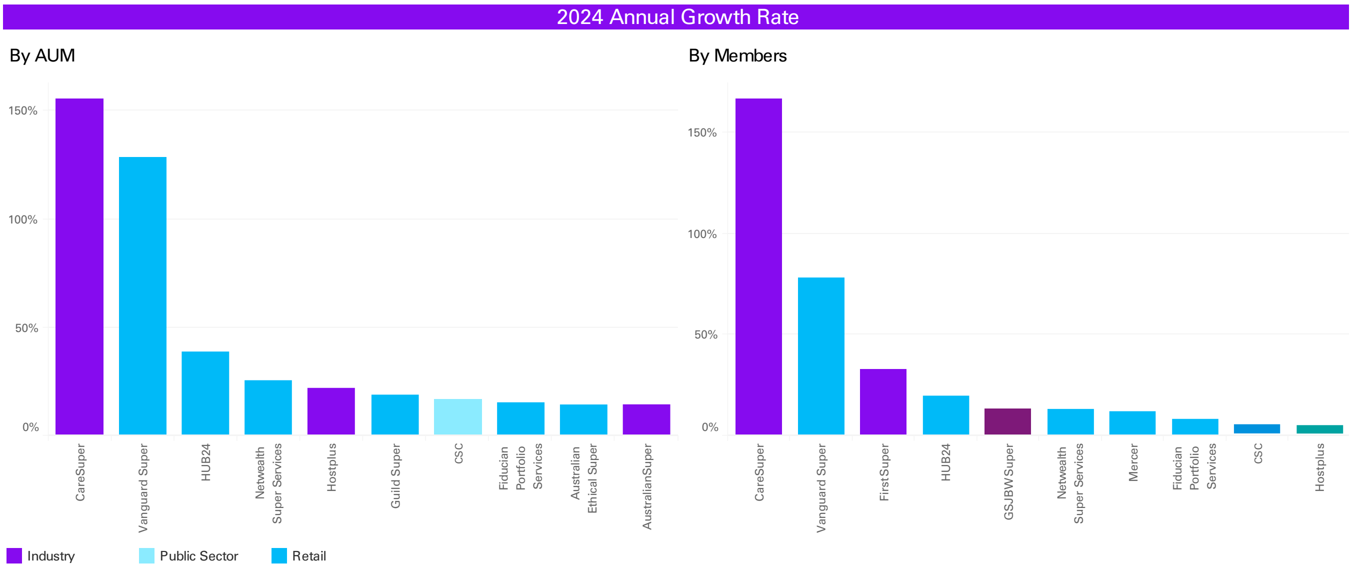
In terms of fund size, the growth was concentrated in funds with assets between $25 billion and 50 billion. The AUM for this $25 billion to $50 billion segment doubled in size (100% increase) whereas the AUM for fund segments below $25 billion contracted.

## Growth rates by fund

The top 10 funds by growth rate of assets and members can be seen here. The growth rate of assets and members encompass mergers / inorganic growth that funds have experienced.

To view this data on the Dashboard, select view 5: Top 10 Funds by Growth. You can hover over a fund to see its growth rate.

**Chart 6: Top 10 Funds by Growth**




We note that CareSuper appeared to have the highest growth in respect of AUM and members as a result of the consolidation of funds as part of a recent merger with Spirit Super (therefore demonstrating inorganic rather than organic growth). This was the biggest transaction for FY24 and CareSuper now has more than 590,000 members.

Apart from the CareSuper transaction, FY24 saw completion of a few other mergers (as noted below). Qantas Super and Telstra Super also announced their decision to merge with other funds. Notable mergers/ merger announcements include:

- Australian Retirement Trust merger with AvSuper (completed 7 May 2024)
- Australian Retirement Trust merger with Alcoa Super (completed 14 March 2024)
- CareSuper and Meat Industry Employees' Superannuation Fund (MIESF) announced that they have entered into a binding agreement to proceed with a merger
- Qantas Super merged with Australian Retirement Trust (completed 29 March 2025)
- Telstra Super and Equip Super announced that they have signed a binding Heads of Agreement to proceed with a merger

Platform providers continued to see strong growth over FY24, particularly HUB24, Netwealth and Fiducian. HUB24 and Netwealth have benefited from consistently strong cashflows, growth in AUM and member numbers over recent years.

This trend is largely due to enhancements to platform features and investment optionality.

To see the list of fund mergers completed and announced, with dates, click on our new Dashboard view 'Fund and Trustee Groupings' and refer to the 'Date of Merger/Potential Merger' column.

We have identified all the large mergers however, there may be some small ones we have not picked up on this list.

## Employer super business remains an avenue of growth. Payday super is another opportunity to differentiate. Meanwhile, funds are still focusing on member acquisition and retention through a range of initiatives.

We are continuing to observe a trend of super funds focusing on member acquisition and retention strategies (through a range of targeted initiatives). The types of initiatives which funds are pursuing include:

- Advertising – direct advertising, media (including social media), digital sponsorships and print publishing
- Sponsorship and partnership arrangements – including organisation and industry body sponsorships, events, conferences, workplace seminars and physical merchandise sponsorship expenditure
- Marketing – through face-to-face marketing initiatives and direct marketing to members (digital and print)

Over FY24, APRA has emphasised the need for funds to balance expenditure with BFID considerations and there are several funds which have or are in the process of bolstering or enhancing their financial modelling tools and business cases to assess the long-term net financial benefits associated with expenditure in the marketing, advertising and sponsorship space.

It is imperative that funds focus on specific acquisition or attraction strategies based on an understanding of fund membership cohorts and ensure that there is a pathway for the long-term retention of these members.

Some of the other key trends observed this year include:

- Payday super (proposed to commence 1 July 2026) has been a key development over the last year, with many funds using this as an opportunity to differentiate by helping employers with early readiness for this proposed legislation and enhancing their presence amongst their employer groups (through education sessions). Many funds are reviewing their onboarding journeys for new employer sponsored members, employer portals and clearing house arrangements (including integration of these arrangements). We note the ATO factsheet stated that advertising of superannuation products during onboarding will be limited to MySuper products that have passed the most recent performance test to protect employees from poor outcomes.
- Funds are continuing to engage with members directly, with greater digital engagement and advertising (through digital channels including social media advertising/promotional activities).
- Funds are continuing to invest in brand building activities, marketing analytics and peer group comparisons (internal analysis of hot spots for member growth/member retention).

# Operating costs and operating model implications (industry transformation)

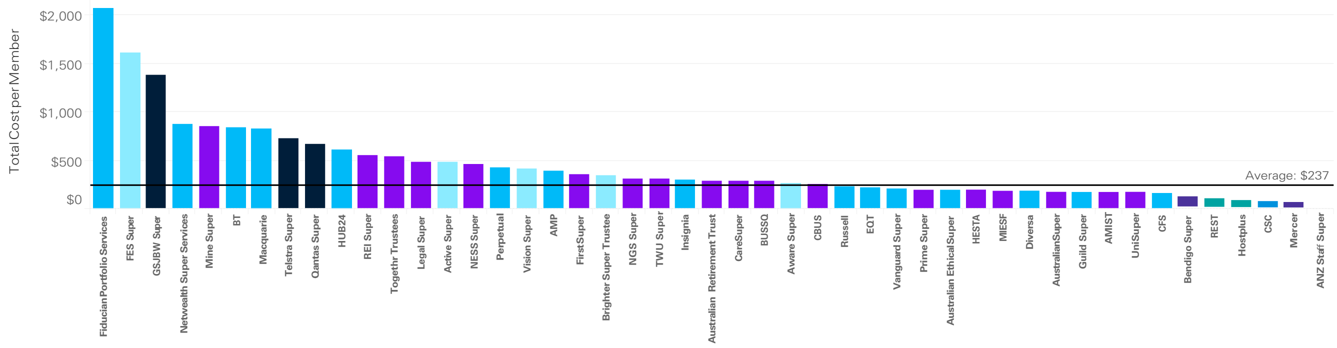
Between FY23 and FY24, there was an increase in average operating cost per member from $230 to $237 across all funds (excluding SMSFs). In contrast, the average operating cost on an asset basis decreased from 0.24% to 0.23% for all funds (excluding SMSFs), largely due to the strong growth in AUM over the year.

Highlighting the benefits of scale in the industry, the 14 funds with assets under management (AUM) of over $50 billion have an average cost per member of $217, whereas the 14 funds between $10 billion and $50 billion in AUM have an average cost per member of $375, though we note fund operating costs are also impacted by complexity of fund and product arrangements.

We note that several funds have undergone challenges around their operating model, administration arrangements or member service arrangements which have resulted in review of these arrangements and in some cases, the establishment of multi-year transformation initiatives. The prioritisation of enhancing efficiencies to reduce administrative expenses, alongside migration and transition activities, has been a prominent issue in the industry. The emergence of new business models, acquisitions, and private equity investments brings additional complexity. All of this has contributed to an increase in operating costs on a per member basis over FY24.

To view this data in the Dashboard select view 18: Operating Costs per Member By Fund.

## Chart 7: Operating Costs per Member by Fund




Highest cost per member

| | |
|---|---|
| Fiducian Portfolio Services | $2,071 |
| FES Super | $1,615 |
| GSJBW Super | $1,382 |
| Netwealth Super Services | $872 |
| Mine Super | $846 |

Lowest cost per member

| | |
|---|---|
| ANZ Staff Super | $8 |
| Mercer | $79 |
| CSC | $96 |
| Hostplus | $103 |
| REST | $130 |

Corporate Industry Public Sector Retail

While the average operating cost per member increased across the funds considered within this report (excluding SMSFs), the average MySuper administration fee (charged to a MySuper member with a $50,000 balance) remained the same, at 0.26% of the account balance.

With average MySuper administration fees remaining unchanged between FY23 and FY24, it is becoming increasingly important for funds to consider how their operating costs are managed on an ongoing basis (given upwards inflationary pressures on technology and people costs). Cost management is a key aspect to manage sustainability challenges that are being faced by funds in the industry.

## Analysis of super fund expense categories (based on APRA fund expenditure data)

In this year's Super Insights Report & Dashboard, we have also explored key trends underlying the super fund expenditure data which was published by APRA as part of the Annual Fund Level Statistics publication. We have presented the fund expenditure data in the tables below in percentiles (lowest value to highest value).

For example in respect of a particular cost metric, the 10th percentile indicates the value of the cost metric at the lowest 10 percent of the metric and 50th percentile indicates the median value of the cost metric.

**Chart 8: Fees**

### Fees as percent of assets by percentile

| | Administration | Advertising | Member campaigns | Member services | Sponsorship |
|---|---|---|---|---|---|
| 10th | 0.026% | 0.001% | 0.000% | 0.010% | 0.000% |
| 25th | 0.044% | 0.004% | 0.001% | 0.022% | 0.000% |
| 50th | 0.074% | 0.009% | 0.002% | 0.049% | 0.001% |
| 75th | 0.138% | 0.018% | 0.004% | 0.076% | 0.003% |
| 90th | 0.307% | 0.046% | 0.022% | 0.150% | 0.008% |

### Fees per member by percentile

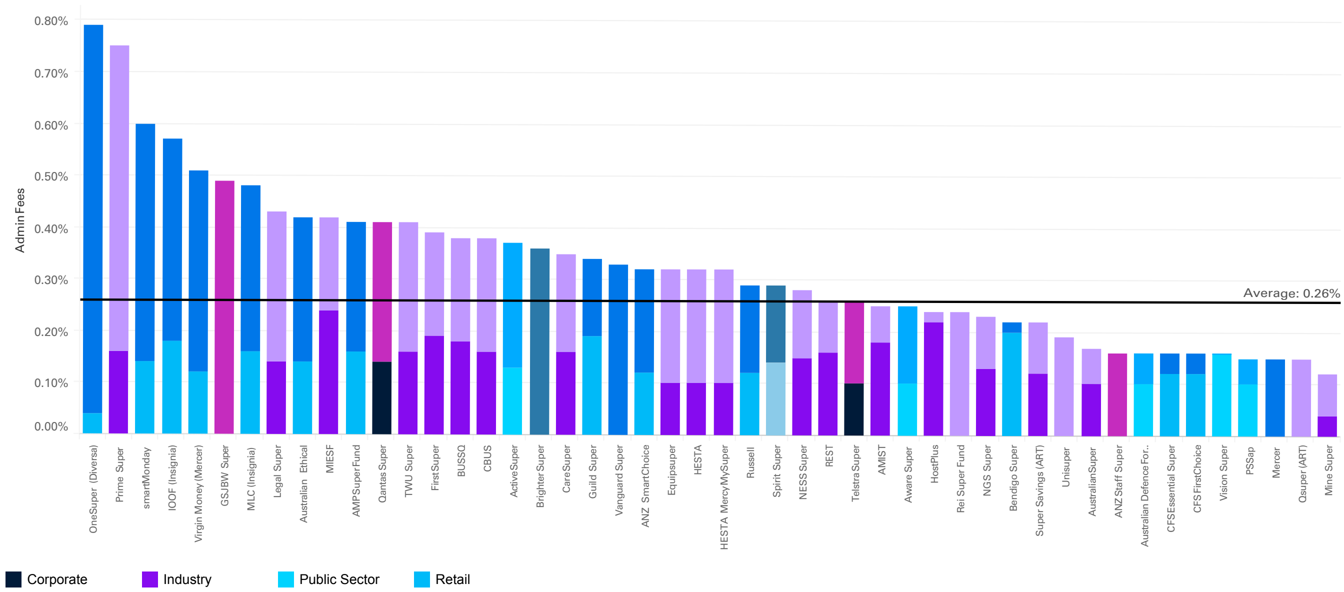
| | Administration | Advertising | Member campaigns | Member services | Sponsorship |
|---|---|---|---|---|---|
| 10th | $31.63 | $0.56 | $0.12 | $9.54 | $0.01 |
| 25th | $51.21 | $3.46 | $0.66 | $24.28 | $0.69 |
| 50th | $82.10 | $11.61 | $2.17 | $39.82 | $1.39 |
| 75th | $155.60 | $21.02 | $6.11 | $135.70 | $4.14 |
| 90th | $516.95 | $38.94 | $23.74 | $347.03 | $6.92 |

Based on our analysis, it is difficult to draw a conclusion regarding the correlation between overall total expenditure ($) on items such as member services, advertising and sponsorship against size of fund (by members).

On a per member basis, the median administration expense is ~$82 whereas the median member services expense is ~$40. Funds are also continuing to spend on advertising initiatives as part of their member growth and retention strategies (on a per member basis, the median advertising expense is ~$12 per member).

To view this data in the Dashboard select view 20: MySuper Admin Fees ($50K Balance). Hover over each bar to see the breakdown of dollar-based and asset-based fees. The other views below are filtered for retail and industry funds.

### Chart 9: MySuper Admin Fees ($50,000 Balance)

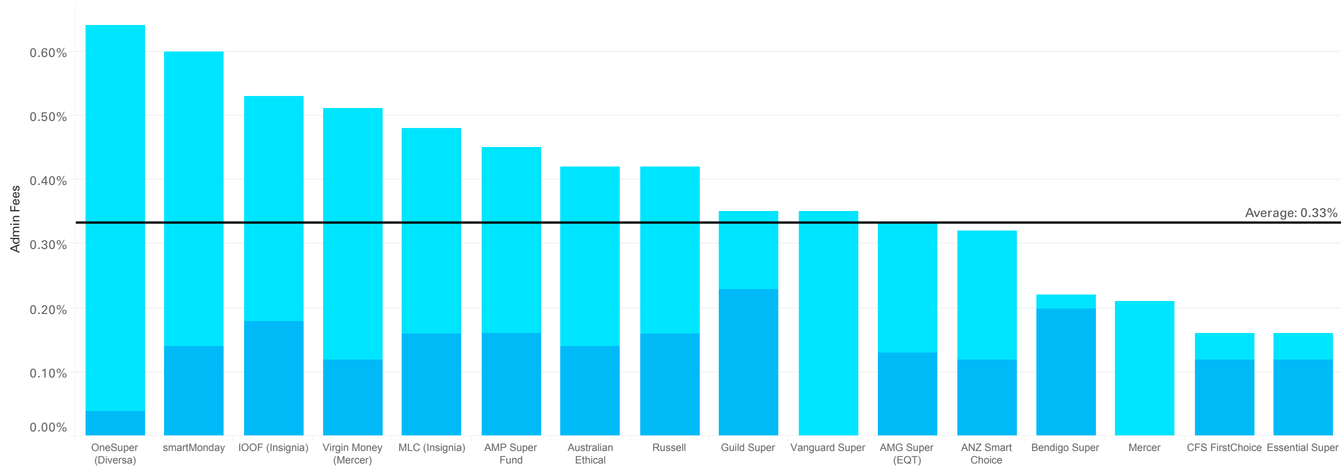



Based on the MySuper administration fees reported to APRA as at 30 June 2024, the average MySuper administration fee charged on a $50,000 balance within the retail fund sector was 0.36% (an increase of 0.03% between FY23 and FY24), whereas the average MySuper administration fee within the industry fund sector decreased from 0.24% to 0.23% between FY23 and FY24.

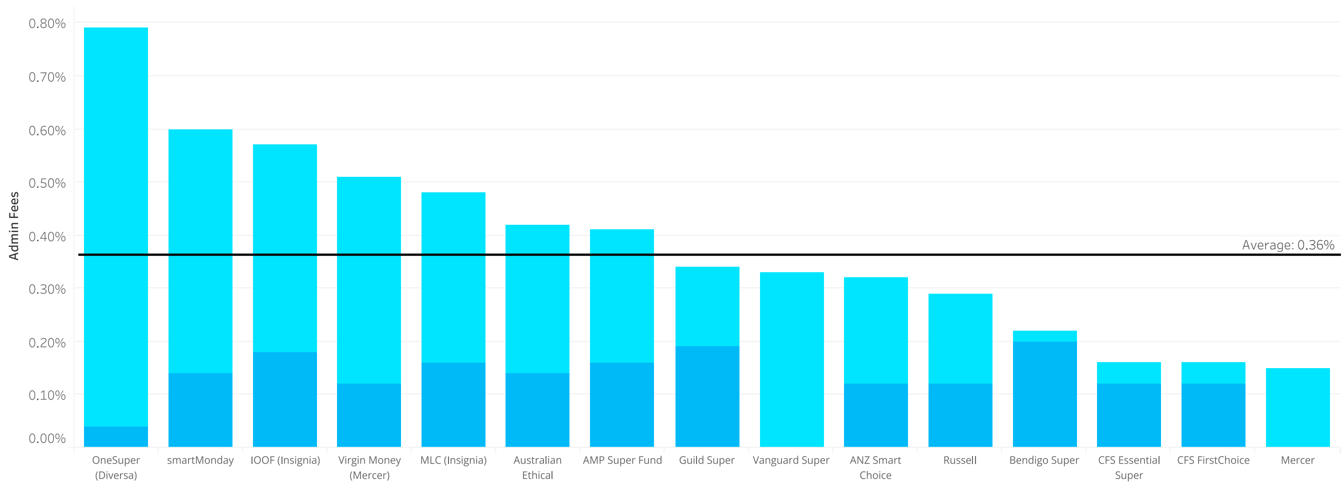
The 'MySuper Admin Fee' view shows the split of administration fees charged between fixed dollar fees and asset-based fees. The retail products tend to have a higher portion of fees calculated as a percentage of assets than for industry funds, although the majority of the industry funds' MySuper products now charge a percentage of assets fee.

As noted earlier, FY24 has seen a trend of some funds reviewing their administration arrangements, resulting in moving administrators or transforming their operational function. In many cases, this will result in reduced long-term operational costs; however, in the short term, the transition costs may impact year-on-year costs. Many funds which have been through administration tenders over 2023/2024 are now in the process of transitioning to their new arrangements.

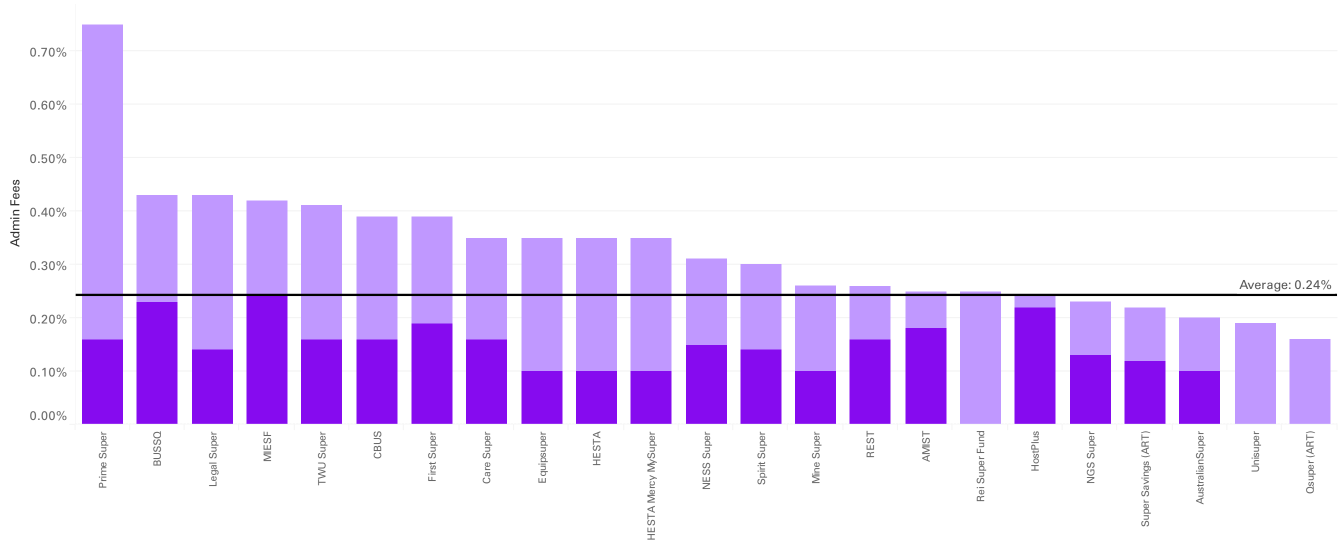
## Chart 10: MySuper Administration Fee ($50,000 balance) – retail funds 30 June 2023



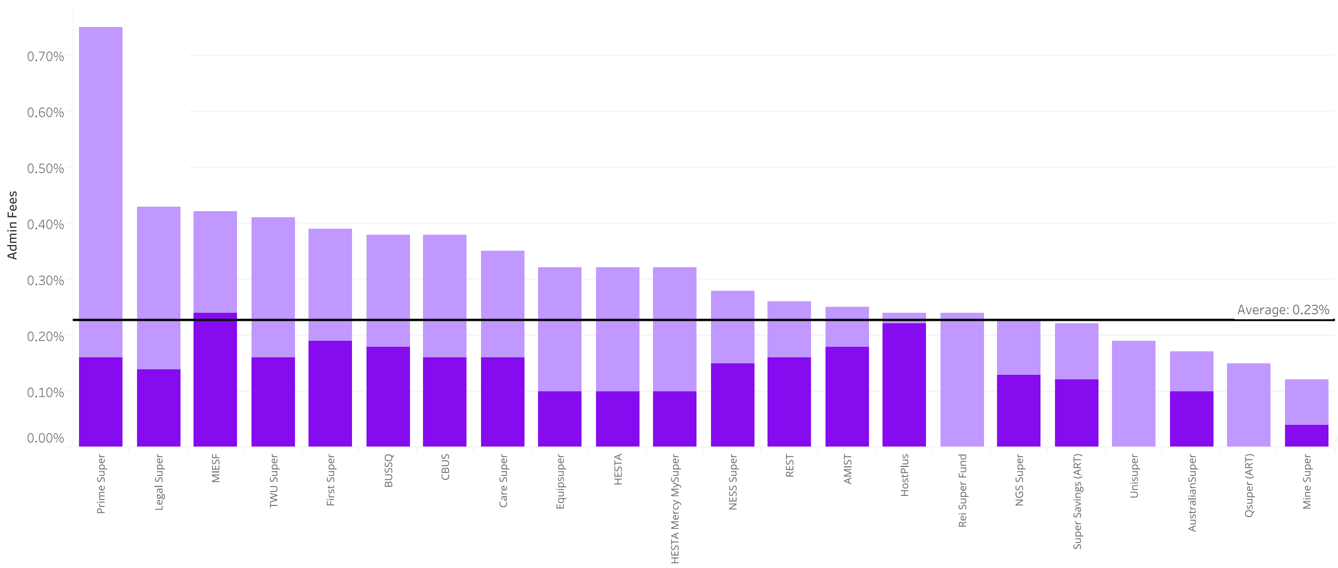

## Chart 11: MySuper Administration Fee ($50,000 balance) – retail funds 30 June 2024



## Chart 12: MySuper Administration Fee ($50,000 balance) – industry funds 30 June 2023




## Chart 13: MySuper Administration Fee ($50,000 balance) – industry funds 30 June 2024



# Sustainability and financial resilience

While many participants have continued to have net inflows (cashflow positive), their net cash flow ratio has decreased for the year ended 30 June 2024 given strong growth in AUM.

## Organic net cash flow position by fund size (AUM)

Many funds have experienced a decrease in net cash flow ratio as a result of the strong growth in AUM over FY24.

HUB24 and Netwealth have retained strong net cash flow ratios over FY24. In FY24, HUB24's net cash flow ratio was 25% whereas Netwealth's was 14.8%.

This compares to Hostplus's net cash flow ratio of 6.2% in FY24, which was the strongest of the 14 largest super funds over $50 billion we have analysed below. Of the 14 largest super funds, the next highest net cash flow ratio was in respect of AustralianSuper and REST, both at 5.3% respectively.

For the 14 largest super funds over $50 billion, their relative flow traction from FY23 to FY24 is represented in the table that follows:

**Table 1:**

| Ranking by asset size | Fund Name | Net cashflow ratio 2024 | Net cashflow ratio 2023 | Momentum against 2023 net cash flow ratio |
|---|---|---|---|---|
| 1 | AustralianSuper | 5.3% | 7.2% | Down |
| 2 | Australian Retirement Trust | 2.9% | 3.4% | Down |
| 3 | Insignia | -2.9% | -2.0% | Down |
| 4 | Aware Super | 1.2% | 1.3% | Down |
| 5 | UniSuper | 3.2% | 3.9% | Down |
| 6 | CFS | -0.7% | -1.8% | Up |
| 7 | Hostplus | 6.2% | 7.5% | Down |
| 8 | AMP | -2.4% | -2.6% | Up |
| 9 | CBUS | 2.1% | 3.3% | Down |
| 10 | REST | 5.3% | 5.4% | Down |
| 11 | HESTA | 3.8% | 3.8% | No change |
| 12 | Mercer | -1.5% | -1.6% | Up |
| 13 | BT | -2.5% | -5.0% | Up |
| 14 | CareSuper | 1.8% | 1.7% | Up |

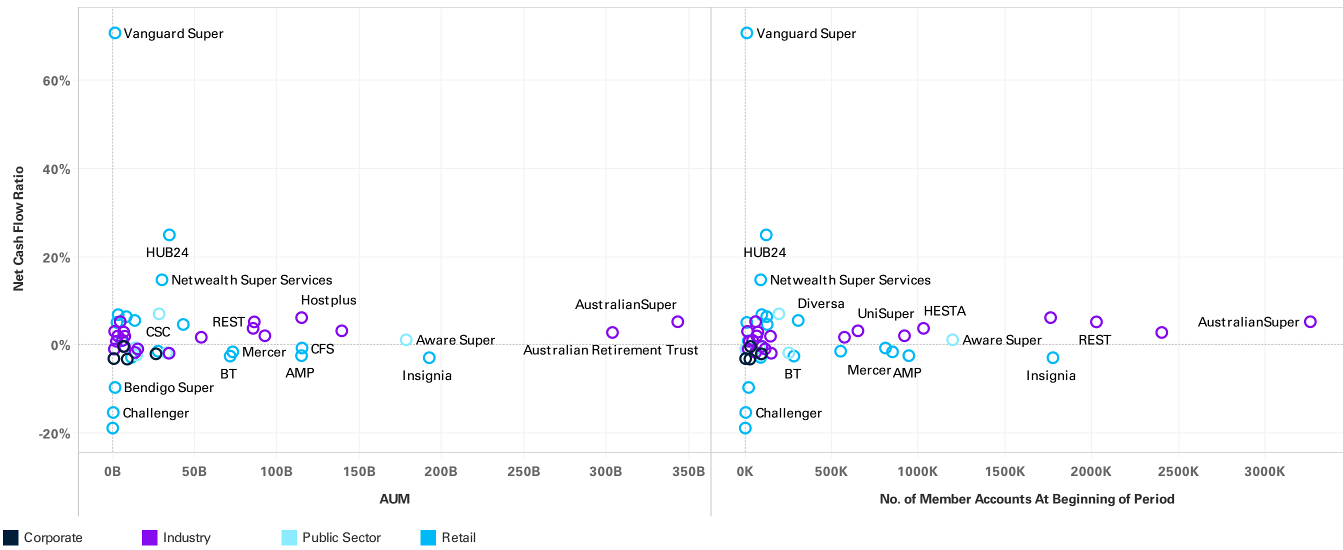
Many industry funds continued to exhibit strong net cash flow ratios. Hostplus, AustralianSuper and REST all had a net cash flow ratio of over 5.0% in FY24 as they did in FY23. Both stapling and increases to the SG contributions continue to support the net inflows.

HESTA, UniSuper and Australian Retirement Trust continue to demonstrate relatively healthy net cash flow ratios.

Retail funds were able to show stabilised net cash flow ratios during FY24 as they did in FY23. Insignia, AMP, CFS, Mercer and BT have again experienced net outflows; however, the net cash flow ratio for all retail funds listed above with the exception of Insignia have improved in FY24. We note that for some funds (including the retail funds mentioned above), net cash flows are impacted by the quantum of pension benefit payments.

To view this data in the Dashboard select view 13: Net Cash Flow Ratio By AUM.

### Chart 14: Net Cash Flow Position by AUM and by Member Accounts




We have also analysed the net cash flow ratio by size of fund (by membership) to assess the correlation between both metrics. It is observed that while generally the mega funds have a higher net cash flow ratio, there are some outliers, namely Insignia, AMP, Mercer and CFS.

Based on this chart, we can conclude that size of fund (by membership) does not always correlate to strong net cash flows. Conversely, we have seen funds with <100,000 members such as HUB24 and Netwealth exhibiting a healthy positive net cash flow ratio.

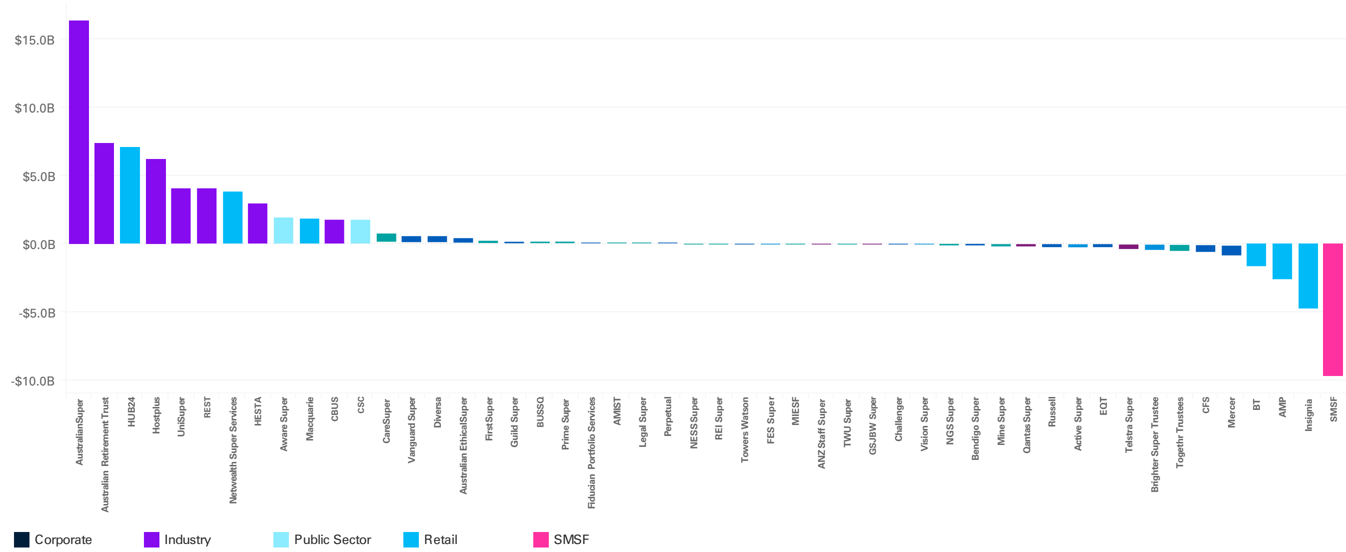
Vanguard Super is an outlier on the chart as they were in the previous year as a new entrant in FY23. In FY24, Vanguard received inflows of $700 million during the year into its new superannuation product (building on inflows of $613 million in FY23).

A very similar pattern was observed when plotting the net cash flow ratio against the size of fund (AUM). Some mega funds (by AUM) had a negative net cash flow ratio in FY24.

Another perspective is to consider which funds have net cash flow momentum. This chart demonstrates the organic net cash flows by fund.

To view this data in the Dashboard select view 10: Cash Flow By Fund.

### Chart 15: Organic Cash Flow by Fund



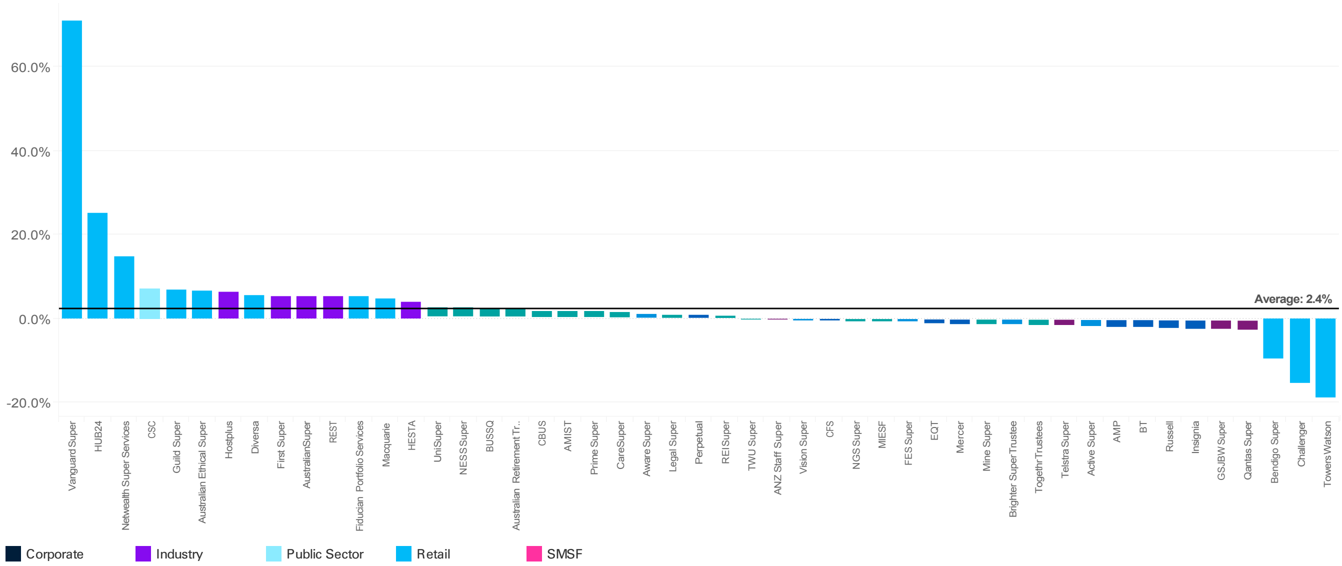

AustralianSuper's net cash flow of $16.4 billion in FY24 was the highest in the industry. This has decreased from $19.5 billion in FY23, however, it is still more than double the next largest fund.

In second place was Australian Retirement Trust at $7.4 billion, which was a decrease compared to last year's $7.6 billion. HUB24 was a close third at $7.1 billion (an increase from $5.4 billion in FY23), followed by Hostplus at $6.2 billion (matching the quantum of its FY23 net cash flow).

As was observed in FY23, many funds in the industry continue to remain close to or at zero net cash flows. Several retail funds continue to see significant outflows mainly as a result of pension benefit payments (due to the significant number of pensioners).

To view this data in the Dashboard select view 11: Net Cash Flow Ratio By Fund.

**Chart 16: Net Cash Flow Ratio by Fund**




When looking at net cash flow ratio, some smaller retail providers have performed strongly, with industry funds largely positioned within the middle-upper portion of the chart. Notably Vanguard, HUB24 and Netwealth have demonstrated the strongest net cash flow ratio over FY24.

## Continued scale and momentum of the mega funds

There are currently eight mega funds, with Hostplus meeting the mega fund classification in FY24 after seeing total AUM grow above $100 billion.

Market share of the mega funds by AUM has increased from 58.5% in FY23 to 63.1% in FY24, primarily through the addition of Hostplus to this category. Mega funds have continued to capture scale in terms of AUM and membership, aided by strong investment performance.

**Table 2:**

| Fund Name | AUM as at 30 June 2024 | Percentage growth from 30 June 2023 |
|---|---|---|
| AustralianSuper | $343.2 billion | 14.2% |
| Australian Retirement Trust | $303.6 billion | 13.4% |
| Insignia | $192.3 billion | 6.5% |
| Aware Super | $178.3 billion | 10.5% |
| UniSuper | $139.2 billion | 11.6% |
| CFS | $115.0 billion | 5.2% |
| Hostplus | $114.8 billion | 22.0% |
| AMP | $114.7 billion | 3.3% |

*These numbers represent the growth in the one-year AUM of the mega funds outlined in the table above. It is important to note that growth in AUM will comprise cash flow growth and investment return growth. We note that for some funds, cash flows are impacted by pension payments and therefore pension payments will impact growth in overall AUM of those funds.

From the table above, it is observed that the two mega funds that saw the largest percentage growth in AUM in FY24 were both industry funds (Hostplus and AustralianSuper) – this growth was driven by strong positive cash flows and investment performance.

# Member service expectations – changing admin landscape (claims and complaints)

Fund operating models, service and administration arrangements are continually evolving as participants seek competitive advantage and respond to a seemingly growing list of risks and challenges. Funds need to manage the trade-off to provide strengthened service arrangements against lower cost operating models. As funds navigate this, we have seen increased activity across the administration landscape as many funds explore new service providers or material changes to their operating models.

The challenge of meeting stakeholder expectations for funds is increasing. On the one hand, the industry has and continues to pursue a consolidation agenda with the promise to deliver scale efficiencies across the sector; and on the other hand, we are witnessing increasing expectations on strengthening administration and service arrangements (and the outcomes delivered for members from these). The focus on service expectations is, of course, warranted. The past 12 months have seen numerous highly publicised challenges, from cyber security to claims administration, and underscores the importance of getting this right. This risk – underdeveloped operational infrastructure – is explored in the following section via the Conexus Institute.

To address the above challenges, various approaches and strategies are emerging across the sector, however, as noted there are some specific priorities which have emerged over the past 12 months to address:

### Cyber security

The importance of robust cyber security measures has been highlighted by recent cyberattacks on multiple funds. This has raised member expectations for advanced security protocols from their superannuation funds. Funds must provide multifactor authentication, encryption, real-time threat monitoring, and a proactive approach to cyber security.

### Claims administration

Efficient claims administration is essential for a seamless member experience. Over the past year, superannuation funds have faced scrutiny due to delays in the administration and payment of insurance claims. Funds should use automated systems to reduce processing times, minimise errors and double handling, and maintain transparent communication (from the time of receipt of the claim through to claim payment). Improved claims administration highlights the reliability expected of a leading financial services organisation.

In addition to ongoing and emerging service challenges, the administration landscape supporting fund operating models is changing quite substantially. This change has been underpinned by a heightened competitive landscape of administration providers and more new entrants into the space. The size and attractiveness of the market is evident, however, all providers and internally administered funds must meet the high standards of member services and operational resilience expected of them.

# Legal, regulatory and retirement update

Governance, accountability, sustainability and resilience, and an intense focus on member outcomes, continue to be the dominant regulatory themes as we move from 2024 and beyond.

Unsurprisingly, these regulatory themes reflect the nature of the industry and its challenges. As the scale of the superannuation sector continues to increase, with superannuation being possibly the fastest growing financial services sector in Australia (outstripping growth in banking), regulatory scrutiny, prudential reflection, and members' expectations similarly grow. Every layer, both governance and operational, of a superannuation fund is impacted by the regulatory themes and regulatory scrutiny.

## Member outcomes and retirement

With an amended APRA Prudential Standard SPS 515 Strategic Planning and Member Outcomes (SPS 515) due to commence on 1 July 2025, superannuation funds have been keenly reviewing their approach to their three-year rolling business plan, and the underlying business plan reviews and member outcomes assessments. Key to the enhanced SPS 515 is a holistic approach to business planning, with greater connectedness between strategic planning and the associated capital demands (both the operational risk reserve and other strategic capital reserves), as well as assessing expenditure through targeted best financial interests business cases.

Funds are also carefully considering their approach to drawing data and insights from their member cohorts. This is true also for the focus on retirement. With the SPS 515 amendments, business plans will need to encompass the fund's retirement income strategic initiatives. Like all key strategic initiatives, the flow-on effect is that consideration must be given to how success is measured and monitored, including the triggers for actions when member outcomes are not achieved as expected.

The focus on trigger frameworks for member outcomes continues the theme from Prudential Standard CPS 190 Recovery and Exit Planning (CPS 190) and the need for a trigger framework and action plans for recovery and exit planning for the circumstances where a fund endures financial stress. In this context, funds are drawing out the interconnectivity between their CPS 190 recovery and action plans with their business plan triggers and monitoring.

On the retirement front, it is also worthwhile noting the proposed reforms announced by the Treasurer in November 2024 which are intended to generate better retirement outcomes for members, greater education and transparency, and a better experience for members in retirement. The proposed reforms included[1]:

- Enhanced independent guidance and tools for members via the Moneysmart website, with a focus on tools and information to consider different retirement options.
- Targeted changes to income stream regulation to support innovation in retirement products to permit features like money-back guarantees and installment payments (rather than up-front lump sum payments).
- Development of a set of voluntary best practice principles to guide retirement product design.
- Greater transparency through a new retirement outcomes reporting framework to commence in 2027, with APRA and ASIC to publish data on an annual basis. APRA and ASIC will also be tasked with delivering a pulse check report by the end of 2025 to assess trustees' progress under the Retirement Income Covenant requirements.

[1] Australian Government, The Treasury, Improving the Retirement Phase of Superannuation, 19 November 2024

## Governance

The economic importance of superannuation as a sector, as well as the importance of superannuation for its members, guarantees a focus on governance, and the skills and capacity to run superannuation operations.

To this end, and concerned that governance issues are the root cause of a significant proportion of entities subject to heightened supervision, APRA released a Governance Review Discussion paper in March 2025. The paper outlines eight proposals for consultation, ranging from a greater focus on skills and capabilities, and fitness and propriety, to limiting the tenure of directors. In APRA's experience, 'well-governed entities are more resilient in times of stress, more agile in times of change, and demonstrate more sophisticated risk judgement.'[2]

## Trustee decision-making

Continuing the theme from the Your Super Your Future reforms in 2021, when members' best interests was legislatively recognised as their best financial interests, the focus on trustee decision-making has continued through into 2024 and beyond. Of particular importance in 2024 was a focus on expenditure decisions by trustees, particularly spending on brand, marketing and sponsorship, partnership, conferences and travel, and payments to related parties. This, combined with greater analysis of best financial interests in strategic business planning, has led trustees to enhance business cases (including consideration of the impact on specific cohorts of members), and develop more sophisticated models to draw insights on the value to the fund of increased members and scale.

## Investment governance

As the level of assets under management continue to grow in the sector, the role of super funds in deploying assets and how these are governed continues to be a key focus of APRA. Post the updated APRA Superannuation Prudential Standard SPS 530 Investment Governance (SPS 530) coming into effect on 1 January 2023, there has been a continued focus on how super funds are managing their investment governance arrangements and whether they have uplifted their valuation frameworks, liquidity risk management frameworks, investment due diligence frameworks, and overall ongoing monitoring of investments.

With concerns around valuations and liquidity, APRA (throughout 2024) conducted a review into 23 separate RSEs which found that 12 of those RSEs required material uplift in order to meet the requirements under SPS 530, with APRA Deputy Chair Margaret Cole commenting, 'These latest review findings are concerning and indicative of the fact that many trustees have more work to do to uplift their valuation and liquidity risk management practices.'[3]

Overall, investment governance will continue to be at the forefront of the regulator's attention, and a priority for funds to continue to evolve and mature their frameworks to support increased flows offshore and allocations to private markets.

## Operational and financial resilience

As the costs of superannuation increase, sustainability as a core theme from 2023 continues in 2024. While funds are now in the process of monitoring their recovery and exit plans developed in accordance with CPS 190, funds are fully entrenched in preparing to comply with CPS 230 by 1 July 2025. With data breaches and cyber threats across various sectors bringing to life the importance of understanding the end-to-end chain of critical operations in a superannuation fund's ecosystem, operational risk is no doubt at the forefront of regulatory and fund focus.

## Accountability

In 2024, superannuation funds considered the impact of the Financial Accountability Regime (FAR). While FAR commenced for banks in March 2024, the extension to superannuation (and insurance) commenced 12 months later in March 2025. The intention of the FAR regime is to add a layer of protection by aiming to improve the risk and governance culture of superannuation trustees through additional accountability, notification, remuneration and key personnel obligations. It impacts superannuation trustees (as an accountable entity), their accountable persons (broadly directors and senior executives), and indirectly, significant related entities (such as service providers within a group structure).

[2] APRA, Governance Review – Discussion Paper, [page 9], 6 March 2025

[3] APRA, APRA review highlights the need for improved valuation and liquidity risk governance in superannuation, 17 December 2024

FAR also strengthens regulatory scrutiny, with accountable entities and accountable persons being required to take reasonable steps to deal with APRA and ASIC in an open, constructive and cooperative way. The degree of proactivity underlying this obligation will be defined over time.

Having mapped accountabilities, and defined accountability statements, attention has now turned to the practical aspects of implementation. With the core FAR obligations being centered on the 'taking of reasonable steps', superannuation funds (as accountable entities), and their accountable persons, are now considering and testing their reasonable steps frameworks to ensure that executives and boards receive the information that they need to operate within the context of FAR.

## In summary

Uncertainty, economic volatility, the need for transformative change, and increasing threats to sustainable resilience, feed the merry-go-round of musical chairs, and concomitantly draw focus to the need for strong governance and decision-making by trustees, in order for trustees to keep their seat at the table.

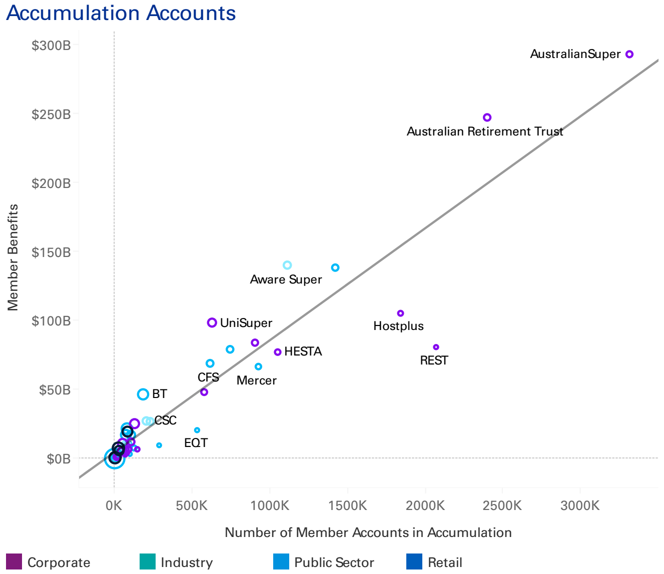
# Retirement Market Update

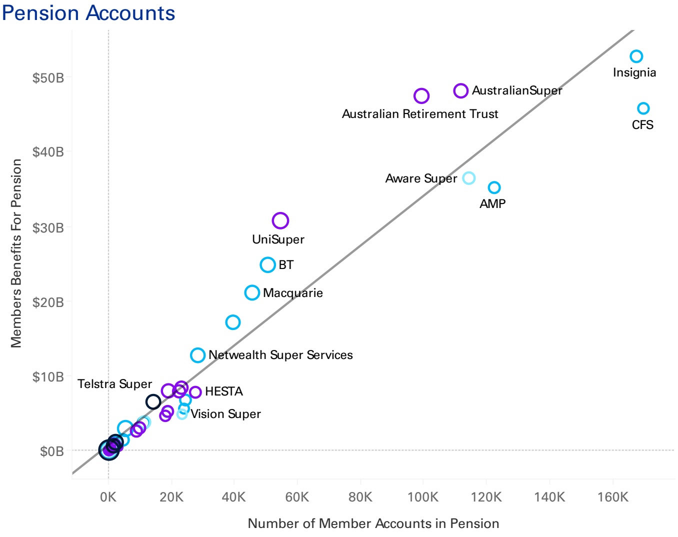
This view shows the market position of different funds by assets and members, for the accumulation accounts on the left, and pension accounts on the right.

The higher up the chart, the more AUM and the further right, the more members a fund has.

To view how an individual fund has grown you can look at the number of members and assets by fund in different years. Click on view 22: Accumulation and Pension Accounts and Benefits by Fund in the Dashboard and hover over each fund. You can select a fund on the drop-down menu. You can select a different year in the top right corner.

### Chart 17: Accumulation and Pension Accounts and Benefits by Fund



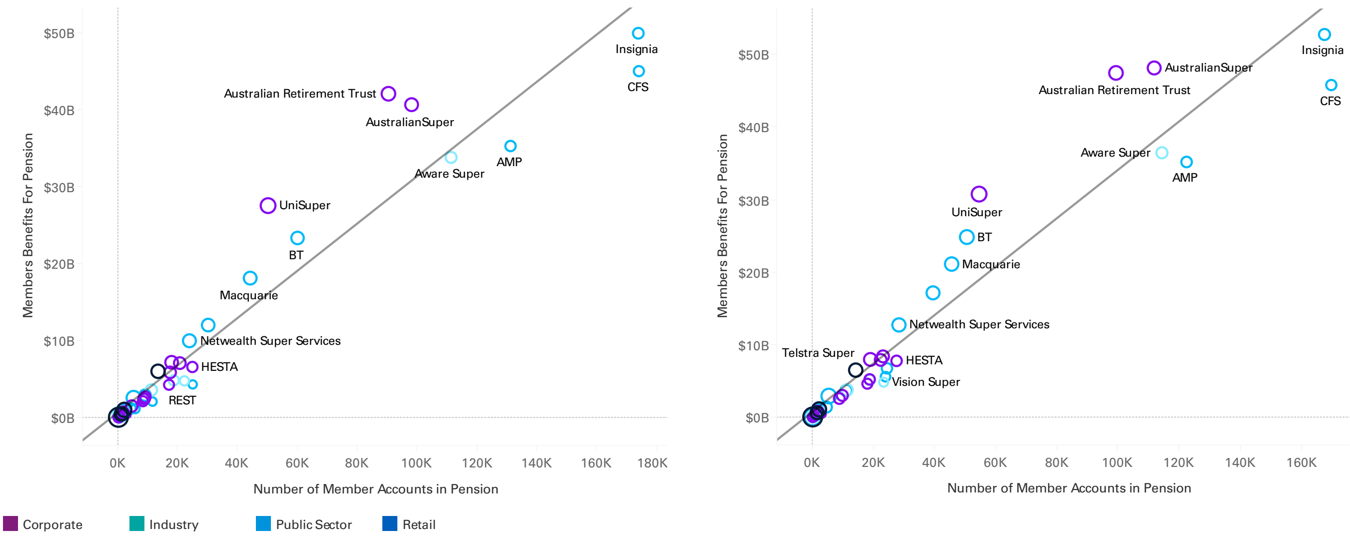




As in previous years, funds that dominate in the accumulation space are the same as those that dominate in overall size and scale, and retail mega funds continue to control the market for pension accounts with Insignia, CFS and AMP again showing the highest number of pension accounts. However, both Australian Super and Australian Retirement Trust have seen growth in pension accounts and assets, with Insignia and CFS seeing a contraction in pension accounts over FY24.

The funds with the highest proportion of pension assets and members are shown on the right-hand side on the following page.

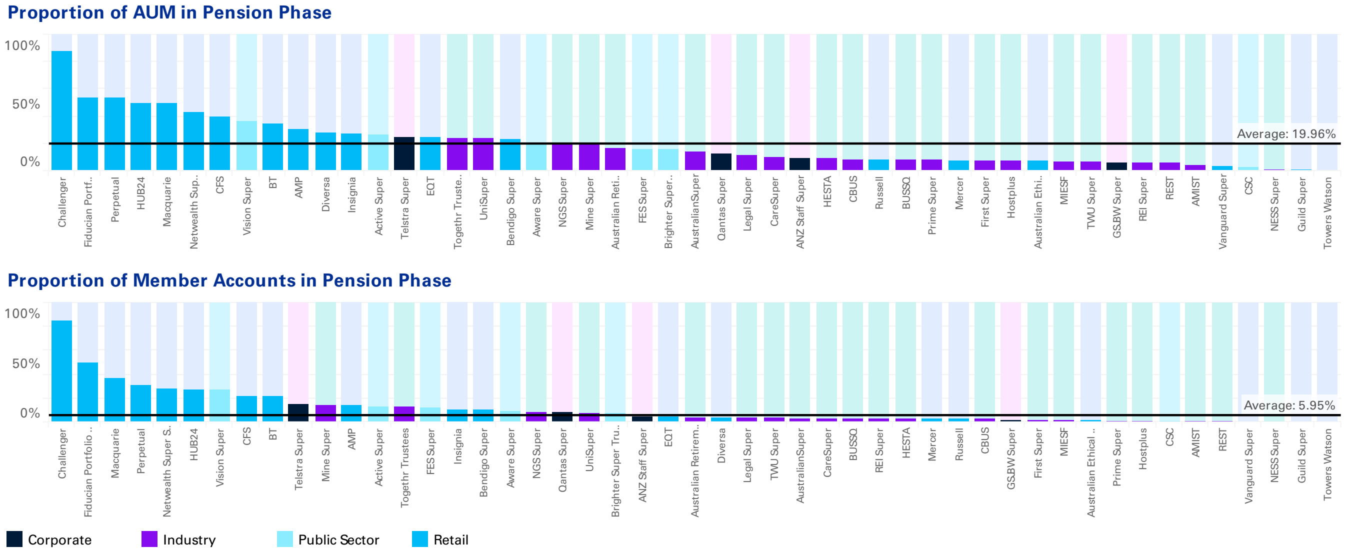
To view this data in the Dashboard select view 22: Accumulation and Pension Accounts and Benefits by Fund.

## Chart 18: Pension Footprint – change from FY23 to FY24




To view this data in the Dashboard select view 26: Proportion in Pension Phase by Fund tab.

## Chart 19: Proportion in Pension Phase by Fund



As noted in earlier sections of this publication, the following chart shows continued growth in platforms HUB24 and Netwealth over the five-year period to 30 June 2024. Both funds saw significant increases in pension membership growth rates (HUB24: 36.9% p.a., Netwealth: 19.3% p.a.).

In general, most retail and public sector funds have experienced growth in AUM over the five-year period, this is attributable to strong investment performance over the five-year period to 30 June 2024. However, it is evident that growth in member numbers is more challenging to come by, with fewer funds seeing growth in Accumulation and Pension Membership when compared to the growth in Accumulation and Pension Assets.

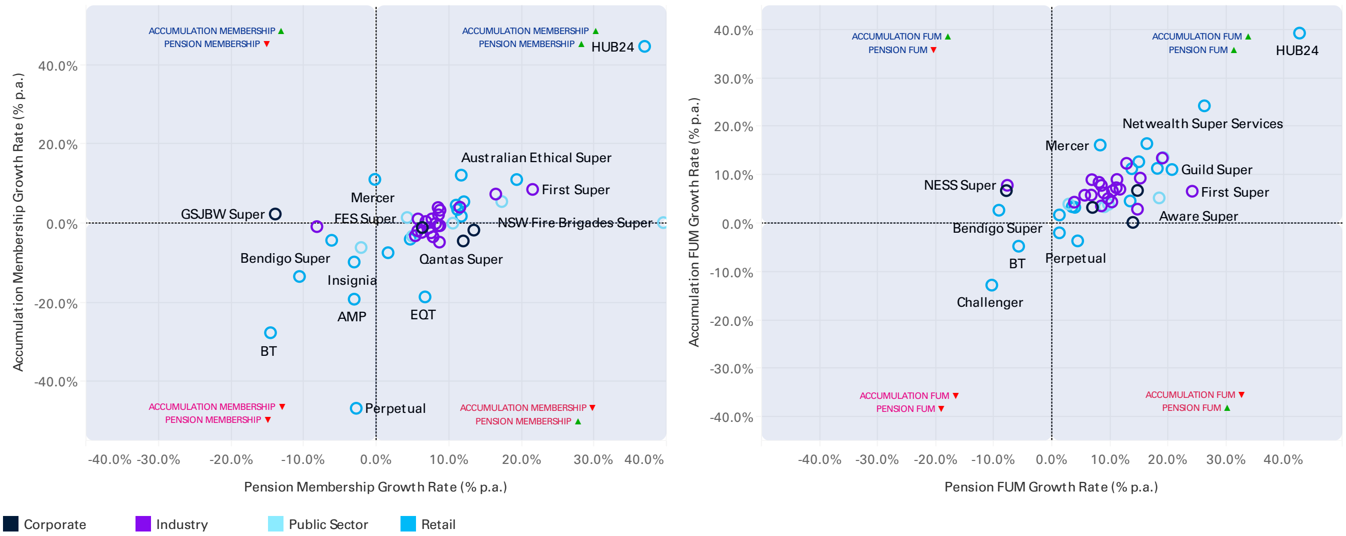
This view shows the rates of growth in pension AUM over the five-year period to 30 June 2024. The further right the fund appears, the faster it is growing its pension assets, whilst the closer to the top of the chart the faster it is growing in accumulation assets.

To view this data in the Dashboard, select view 7: Accumulation and Pension Growth Rates.

To zoom in on part of the graph: hover your mouse near the top left of each chart – a small menu appears. Click on the right arrow then the box to the right called Zoom Area and you can select the part of the chart you want to zoom in on.

### Chart 20: Accumulation and Pension Growth Rate

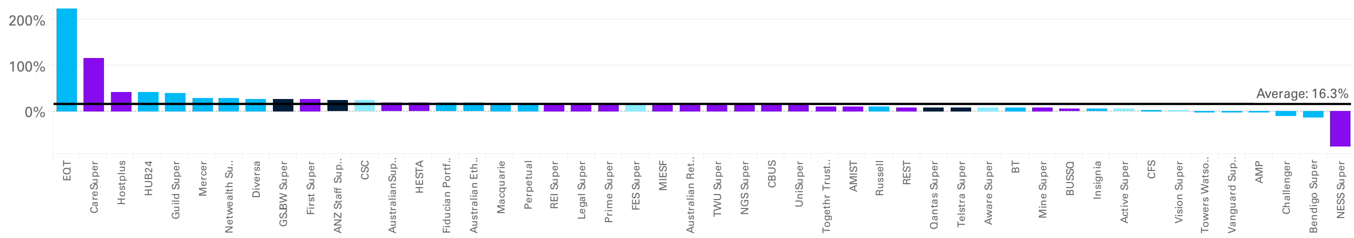
**Membership Growth Rates (2019 - 2024)** **AUM Growth Rates (2019 - 2024)**



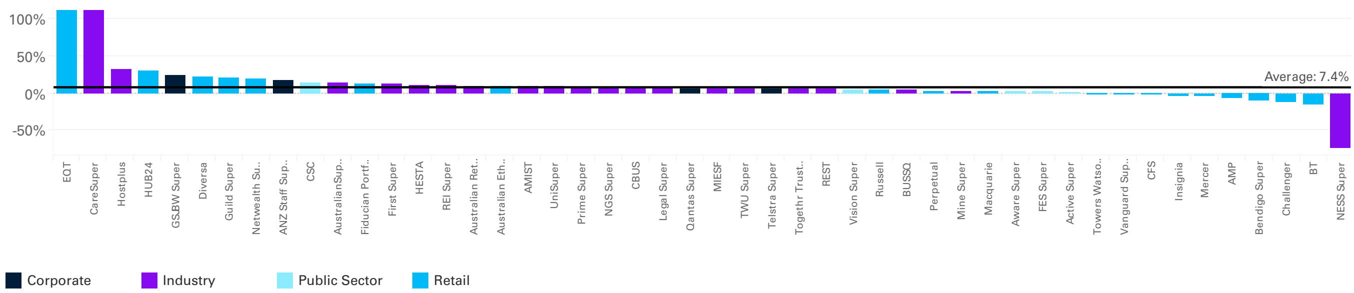
To view this data in the Dashboard select view 8: Growth of Pension Phase by Fund.

## Chart 21: Growth of Pension Phase

Growth of AUM in Pension Phase (2023 to 2024)




Growth of Member Accounts in Pension Phase (2023 to 2024)



# Investment returns

## Investment performance – growth funds

The year to 30 June 2024 was very strong in terms of investment returns, with six funds recording double-digit returns for the year, with an average net return of 8.75% across the landscape of the Chant West Growth Category (61% to 80% growth assets) options. The strong one-year investment performance to 30 June 2024 has contributed to an increase in the average superannuation benefit across the industry.

We have incorporated the 1-, 5- and 10-year results (net of investment fees and tax returns) for 'growth funds'. These are investment options offered by funds that have a 61% to 80% strategic allocation to growth assets.

Generally, industry funds demonstrated stronger long-term performance (over the 5- and 10-year periods ended 30 June 2024) and retail funds demonstrated stronger short-term performance over the 1-year period to 30 June 2024.

However, since 30 June 2024, listed markets have seen increased volatility due to the uncertainty around global economic policies including tariffs. Given the current economic headwinds, it remains important that funds monitor their investment arrangements and focus on the areas of long-term outperformance (including portfolio construction and manager selection). Further, as discussed within the regulatory section, there is a need for a strong focus on investment governance across the industry.

This view uses data collected and provided by Chant West.

To view this data in the Dashboard select view 27: Growth Funds Investment Performance.

**Chart 22: Performance of Growth Funds – 1 year to 30 June 2024**

The average (net) return over the 1-year period to 30 June 2024 was 8.75%

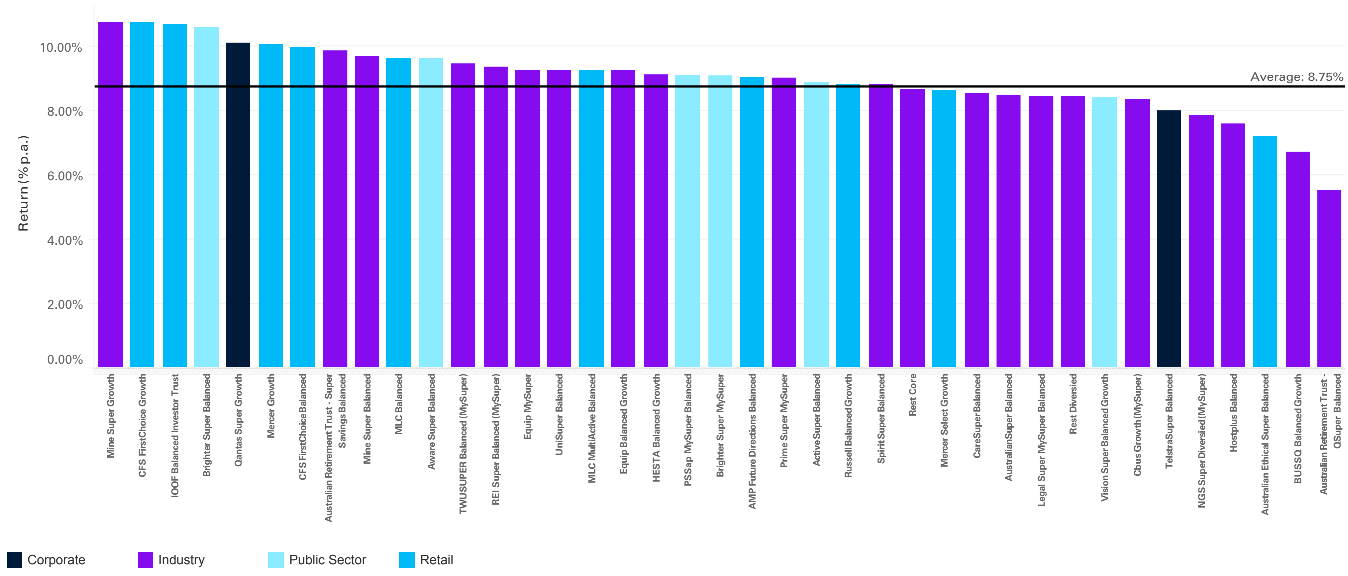


**Chart 23: Performance of Growth Funds – 5 years to 30 June 2024**

The average (net) return over the 5-year period to 30 June 2024 was 6.29%

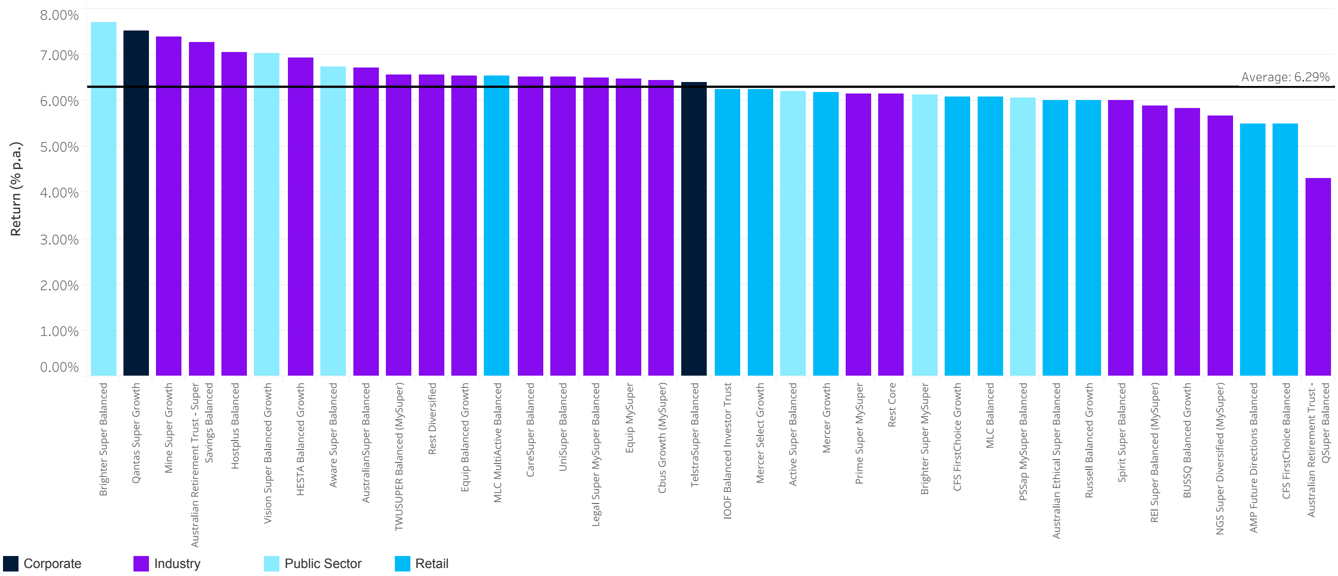
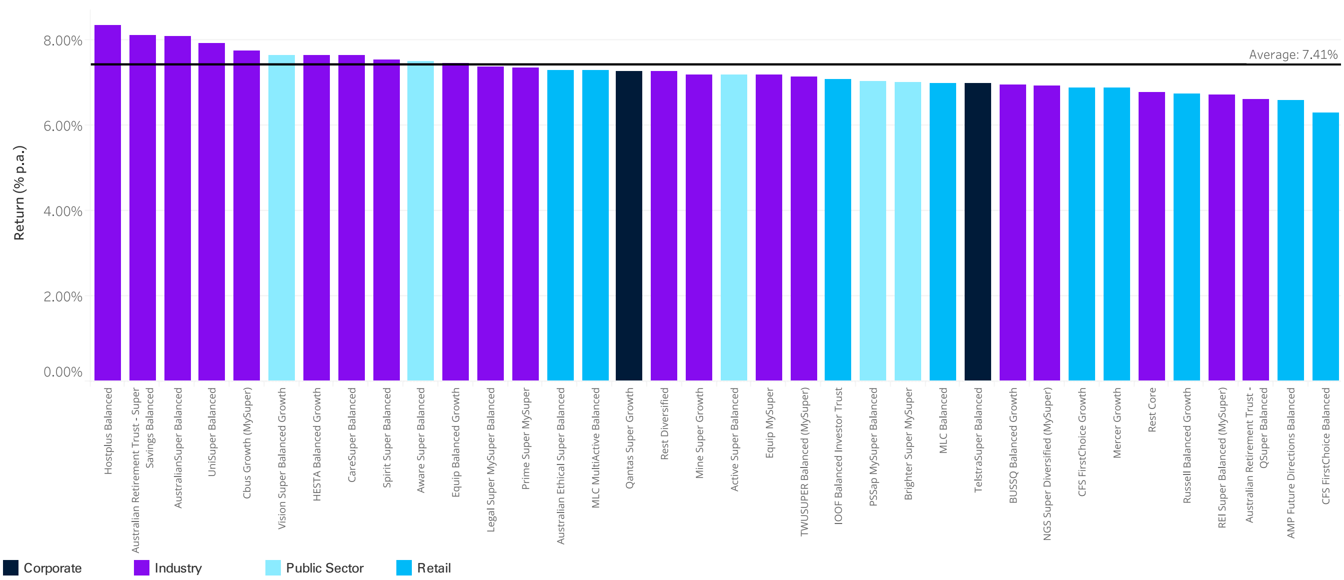


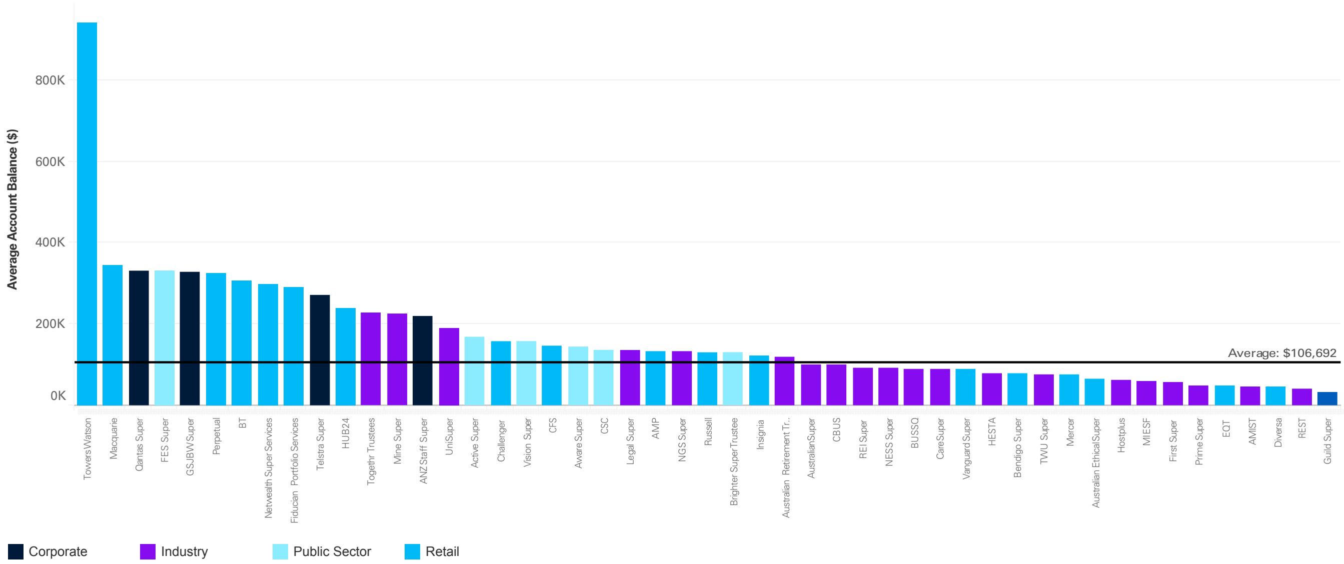

**Chart 24: Performance of Growth Funds – 10 years to 30 June 2024**

The average (net) return over the 10-year period to 30 June 2024 was 7.41%



To view this data in the Dashboard select view 21: Average Account Balance by Fund.

## Chart 25: Average Balance by Fund – 30 June 2024




On the back of strong investment performance to 30 June 2024, the average account balance rose from $97,154 in FY23 to $106,692 in FY24, an increase of 9.8% over the year.

# Three lenses on impacts arising from 'big super'

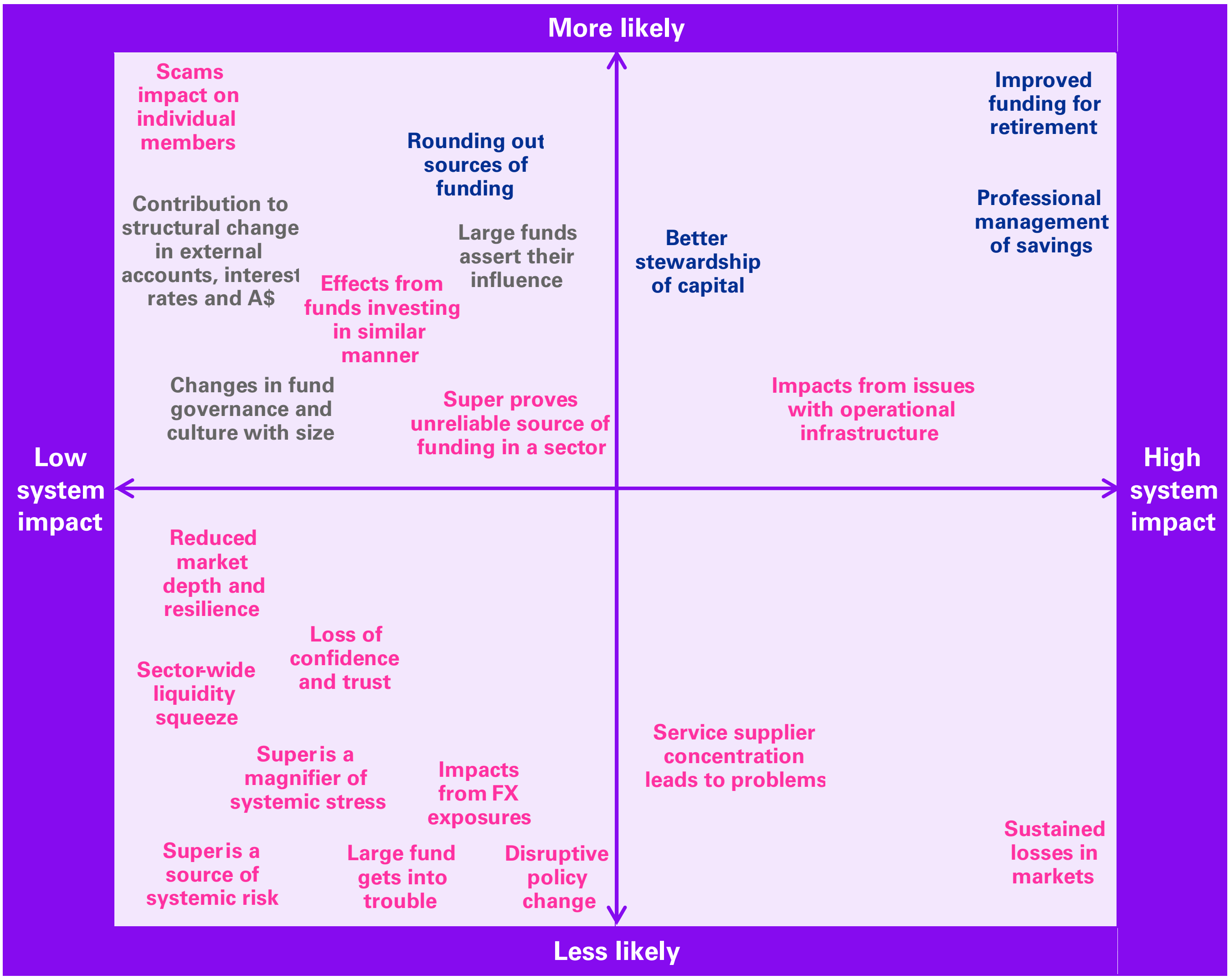
Written by The Conexus Institute

The superannuation (super) industry and some individual super funds have attained substantial size. Super has become the second largest source of household wealth in Australia behind residential property. And the growth is only likely to continue. The question arises: what are the implications of 'big super'?

In its Systemic impacts of 'big super' report, the Conexus Institute identifies a range of potential widespread impacts that could arise from a large super system containing some very large funds. The impacts were mapped in the form of Figure 1, which grades systemic impacts by the likelihood that they will be experienced along the vertical axis and the potential strength of any impacts along the horizontal axis. Effects that are more likely to occur and have a significant system impact appear towards the top right; while those in the bottom left are unlikely and should have limited systemic impacts if they do occur.

Left: Dr Geoff Warren, Research Fellow, The Conexus Institute
Right: David Bell, Executive Director, The Conexus Institute

**Figure 1: Likelihood and strength of potential systemic impacts from 'big super'**




**Legend:** Beneficial effects in blue, potentially adverse effects in pink, mixed effects in grey

This article builds on Figure 1 through viewing the potential impacts of 'big super' through two alternative lenses – individual super funds and fund members. What does it mean to be a large fund operating within a large super system? And what are the implications for members of having a significant amount invested in super? To contrast the three different lenses:

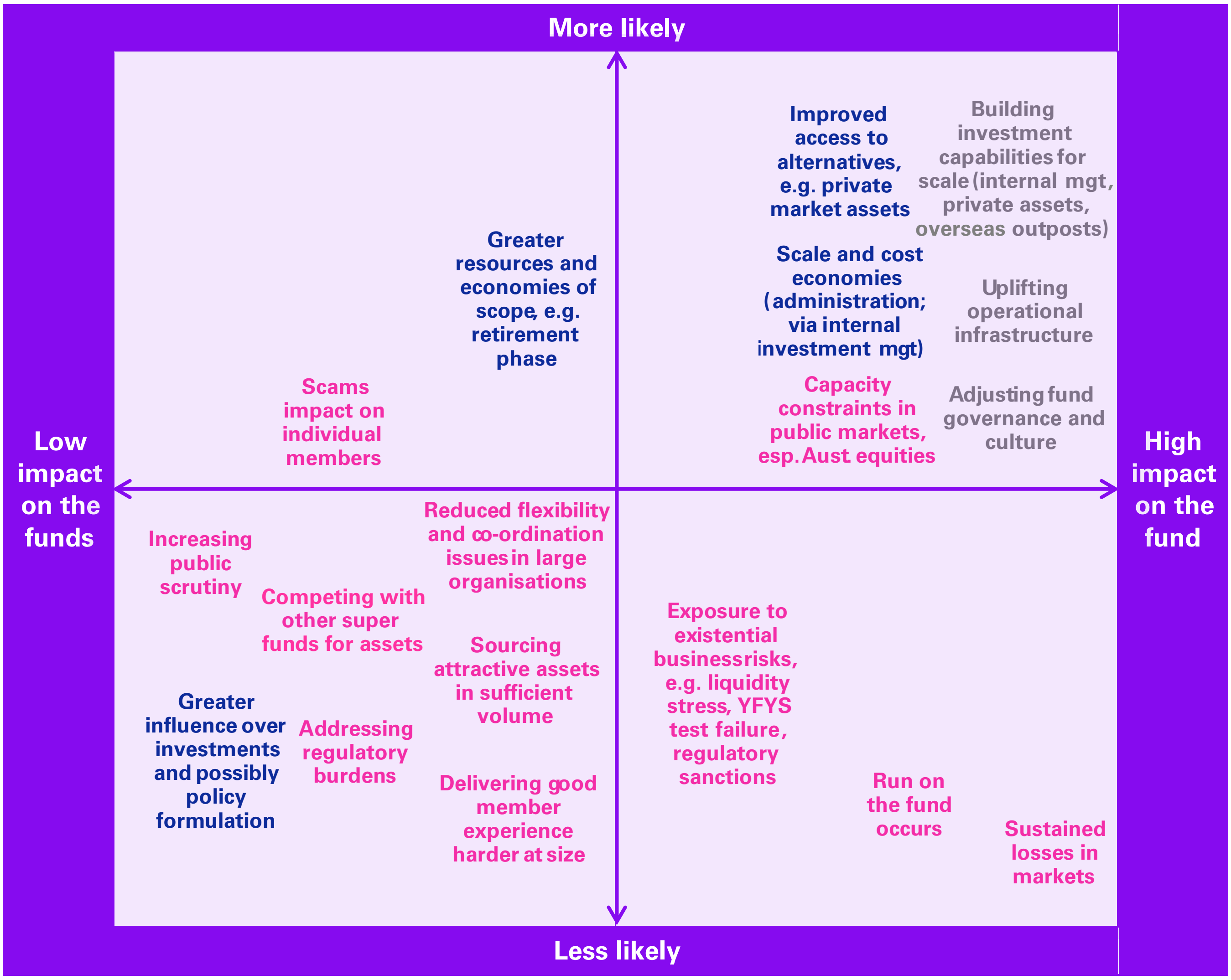
- The **systemic lens**, which underpins Figure 1, focuses on impacts that could be felt widely across either the Australian economy, financial markets and/or population.
- The **super fund lens** will consider impacts on the investment and business performance of individual funds as a consequence of being a large fund operating within a big super system. While a strict definition of 'large fund size' seems inappropriate, perhaps think $100 billion plus as a guide.
- The **member lens** considers impacts on member outcomes and experience from having a substantial and increasing exposure to super as a major source of their savings, while relying on their super fund to act in their best interests.

Creating diagrams through these alternative lenses entails addressing a different set of impacts, rather than just merely re-ordering those appearing in Figure 1 (though some of these impacts carry over).

## Super fund lens

Figure 2 takes the super fund lens. Beneficial effects of large fund size appear in blue, potentially adverse effects in pink and 'challenges' in grey. Many of the effects and their positioning draw on the Conexus Institute report Do Superannuation Fund Members Benefit from Large Fund Size?. Other effects stem from the idea that large funds are operating within a large super system, and hence reflect items in Figure 1.

**Figure 2: Likelihood and strength of potential impacts on investment and business performance from large fund size**




**Legend:** Beneficial effects in blue, potentially adverse effects in pink, challenges in grey

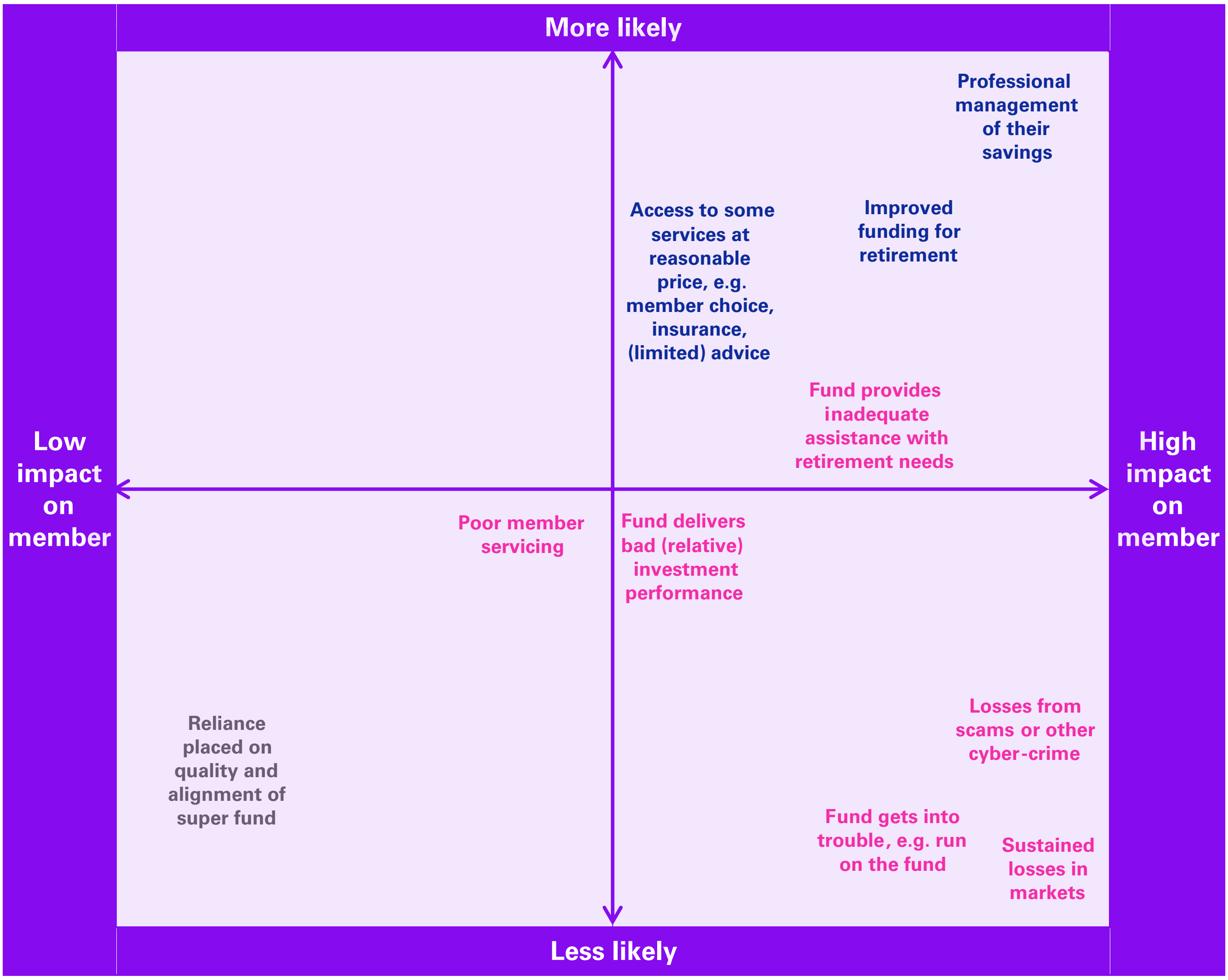
The theme of the Conexus Institute 'large fund size' report was that large size is not as important as how effectively it is being used. Sitting towards the top right in Figure 2 is a group of challenges that a fund needs to address in order to extract value out of large size. They include building the investment capabilities required to operate at scale, uplifting operational infrastructure to support the needs of a large financial organisation servicing many members, and adjusting fund governance and culture.

Large size also brings benefits and potentially adverse effects. Notable benefits include improved access to alternatives especially in private markets as well as economies of scale and scope. Adverse effects include capacity constraints in public markets (especially Australian equities) and reduced flexibility and co-ordination issues. Other adverse effects stem from operating within a large super industry. For instance, difficulties in sourcing attractive assets and liquidity impacts can arise from funds investing in a similar way. Increasing public scrutiny of the industry and larger funds in particular can also create some problems for individual funds, including being a driver of increased regulatory burden and actions.

## Member lens

Figure 3 shifts the lens to members and what having a substantial amount in their super could mean for them. Sitting in the top right are three significant benefits made available to members through the existence of super. These include professional management of their savings, improved funding for their retirement, and a range of services such as capacity to exercise choice of fund and investment options, insurance through super, and access to advice (albeit limited to general and intra-fund advice at present, unless the member pays for personal financial advice).

**Figure 3: Likelihood and strength of impacts on members from substantial exposure to super**




**Legend:** Beneficial effects in blue, potentially adverse effects in pink, challenges in grey

Most notable among the potentially adverse effects relates to super funds offering poor services to their members, either in a general sense or through providing inadequate assistance on retirement. These elements recognise the incidence of poor member services and uneven development of retirement incomes strategies that is being highlighted by APRA, ASIC and others. It is difficult to assess the impact of poor member servicing because it includes a range of services which may be frustrating but ultimately not overly costly (such as long waits for a phone response) and some services which can have devastating effects (such as insurance claims and death benefits).

The main challenge faced by members is the quality of their super fund and how it is aligned to their own interests. We consider the likelihood of an issue and impact of any event to be relatively modest given the controls created by existing regulatory frameworks.

Some interesting contrasts arise around adverse impacts between the systemic lens of Figure 1 and the member lens in Figure 3. Through the systemic lens, losses from scams or other cyber-crime are highly likely but should have limited systemic impacts; but they can be devasting for individuals and hence sit in the high impact with modest likelihood zone for members. Similarly, while a major fund getting into serious trouble and possibly suffering a 'run' is of low likelihood, the adverse impacts should be minimal at the system level but could be substantial for the individual fund (Figure 2) and its members (Figure 3).

## Two pervasive risks

A closer look at the three figures reveals two potential sources of adverse impact cut across the system, funds and members alike. The first is the possibility of sustained losses in markets, which relates to the industry's exposure of around 70% to growth assets. While an extended decline in the real value of economically-exposed assets including equities over (say) a decade or so is an unlikely event, it is by no means impossible and has historical precedent. If it were to occur, the impacts could be dire for the wealth, retirement income and possibly confidence of super fund members as well as the fee (i.e. income) base of super funds. The impacts would be felt across the system, funds and members.

Second is the implications of underdeveloped operational infrastructure within the industry, i.e. its systems and processes. This was identified as a major issue in the Conexus Institute 'systemic impacts' report, and accordingly appears in the top right quadrant of Figure 1. Addressing this issue appears as one of the key challenges faced by super funds in Figure 2; while the possibility of failing to meet this challenge manifests in Figure 3 in the form of potential adverse consequences for member services, including in the retirement phase where the ability to offer more personalisation will be fundamental.

Scams is an interesting case study. As we progress across system, fund, and member levels, the likelihood of a scam decreases but the impact increases.

## Perspective

The upsizing of the super industry and super funds has reached a point where super has become a critically important part of the landscape in Australia and is accordingly attracting significant attention. 'Big super' brings some substantial benefits while giving rise to a range of challenges and risks. However, the way in which the various elements manifest tends to differ depending on whether the lens is the overall system, individual super funds or fund members. Before addressing the implications of 'big super', it may help to ask: 'From which perspective?'.

# Appendices

# Methodology

Our analysis, as presented in this report and the accompanying KPMG Super Insights Dashboard, is a combination of leading analytics applied to 19 years of the Australian Prudential Regulation Authority (APRA) and Australian Tax Office (ATO) published statistics, supported by insights gained from our team of asset and wealth management specialists.

At a macro level, we have defined the market along APRA guidelines of retail, corporate, public sector and industry funds – and included SMSFs to complete the landscape. KPMG's sizing segmentation is undertaken by dividing funds into those with Assets Under Management (AUM) greater than $100 billion, between $100 billion and $50 billion, between $50 billion and $25 billion, between $25 billion and $10 billion and those funds with less than $10 billion.

KPMG has relied on published statistics as the foundation of this report and, as such, acknowledges that the data contained within is wholly reliant on the accuracy of the underlying sources. KPMG has included all data contained within the APRA5 and ATO6 published statistics inclusive of null values. Where APRA and ATO have published updated data for prior years the data reflected in the Dashboard reflects the revised data and certain views may therefore have changed from the views published in prior versions of the Dashboard. This year, KPMG's Super Insights publication has also considered the granular fund expenditure data which was contained within APRA's published statistics.

We continue to note that there remain challenges (such as granularity and consistency of data) associated with reporting across the superannuation industry and the data presented within APRA's published statistics.

To protect the privacy of individual members, APRA has masked certain items in the data. Some items were not reported, indicating that either nothing was reported for the relevant period, that the data cannot be calculated. In circumstances where either of these events happened, KPMG has removed the fund from the analysis.

## APRA data explanatory notes

*'This report contains data for APRA-regulated funds with more than four members. Pooled superannuation trusts (PSTs) have been excluded as their assets are captured in other superannuation funds. Exempt public sector superannuation schemes (EPSSS) have also been excluded. Superannuation funds that wound up during their year of income in a given reference period are not included in that year or subsequent years. Superannuation funds that wound up after the reporting period but before the release of the publication, are included for that reporting period, and their windup date is noted in the report. Superannuation funds that did not submit an annual return for a given reporting period are not included in that year.'*

APRA Annual fund level superannuation statistics back series: June 2004 to June 2024 (issued 30 January 2025) https://www.apra.gov.au/annual-fund-level-superannuation-statistics

APRA Annual fund level superannuation statistics – superannuation fund expenditure (issued 30 January 2025) https://www.apra.gov.au/annual-fund-level-superannuation-statistics

APRA Annual superannuation bulletin – June 2024 (issued 30 January 2025) https://www.apra.gov.au/annual-superannuation-bulletin

APRA Quarterly MySuper statistics – September 2020 – December 2024 (issued 27 February 2025) and backseries September 2013 – June 2020 https://www.apra.gov.au/quarterly-superannuation-statistics

ATO SMSF quarterly statistical report June 2024 https://data.gov.au/data/dataset/self-managed-superannuation-funds

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