The Power of the Engaged Member

Why engagement—not just investment returns—is the real driver of retirement success

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The Case for Activating Superannuation Members Through Investment Choice

The Challenge

The Power of the Engaged Member explores how investment choice acts as both a behavioural signal and a driver of materially better retirement outcomes — yet most members remain in the default option far too long.
contact
While we stop short of claiming causation, the correlation is strong: members who make an active investment choice are signalling a level of interest, awareness, and confidence in their super — traits that often accompany decisions that support stronger long-term outcomes. In this way, investment choice serves as a scalable behavioural test of engagement—not the cause of success, but a reliable signal of the behaviours that drive it.

Key Findings from a Study of 17 Super Funds (16M+ accounts):

- **Engagement pays off.** Across every age group, Choice members hold significantly higher average balances—up to **+300%** for those aged over 65.
- **Engagement starts late.** More than 80% of members under age 50 remain in MySuper. The opportunity to benefit from compounding is lost when action is delayed.
- **Advice accelerates action.** Funds that spend more on advice see a steeper uplift in Choice participation from ages 50–65. Advice doesn't shift the starting line, but it moves the finish line.
- **Strategy matters.** Funds with higher proactive servicing spend (digital tools, education, behavioural nudges) see greater member activation. Expense alone isn't the differentiator—intentionality is.
- **Leakage is real.** Mid-life members are quietly rolling out of funds when engagement and advice are missing. These members often have moderate balances and high potential for activation.

The 'Almost Engaged' Opportunity

Many members in default are not disengaged—they're stuck. Curious, but cautious. A behavioural nudge or well-timed message could turn them into active participants. But only if funds act first.

Strategic Implications

- **Defaulting is not benign.** It imposes hidden costs on members and limits long-term fund impact.
- **Investment choice is a behavioural signal.** It's a litmus test for confidence, capability, and trust—not just a portfolio preference.
- **Digital engagement is now essential.** At-scale guidance is a strategic enabler, not a nice-to-have.
- **Early engagement drives outcomes.** Intra-fund advice and timely nudges create real, measurable uplift.

Introduction: The Power of the Engaged Member

Each year, as super funds publish their MySuper returns, headlines celebrate the strength and stability of Australia's retirement savings system. And rightly so—MySuper products have delivered strong long-term performance, especially for members who remain disengaged or uncertain about their investment options.

But celebrating performance should not come at the cost of progress. The real opportunity—and challenge—lies not in delivering defaults, but in enabling decisions. Because the true measure of a super fund is not just how it performs for passive members, but how well it empowers members to shape their own future.

> *"Investment choice is more than a product—it's proof. It shows whether a fund can move members from awareness to action, from default to direction. And in that sense, it's the clearest indicator of strategic engagement we have."*

This paper argues that **investment choice is more than a product feature**—it is a proxy for engagement, financial capability, and trust. And as the data shows, members who make an active investment choice consistently achieve materially better outcomes.

So why don't more members engage?

Background: Why This Paper, and Why Now?

The strategic spotlight across the superannuation sector has increasingly turned toward decumulation. From retirement income strategies to longevity products and sustainable drawdown frameworks, funds are rightly investing significant effort and capital in solving for the post-retirement challenge.

But it's worth stepping back. Today, less than 6% of member accounts are actually in the decumulation phase. While this number will grow, the majority of retirees will still rely heavily on the Age Pension due to insufficient private savings.

In this context, funds need to balance their strategic focus—ensuring that the same rigour and investment is applied to helping members grow their balances before they retire. That means shifting attention toward the accumulation journey, member activation, and the everyday behaviours that shape long-term outcomes.

What began as a balance comparison revealed something deeper. Across every fund examined, members in Choice investment options consistently held materially higher average balances than their MySuper counterparts—often more than three times higher by retirement.

This wasn't an isolated trend, nor one driven by fund type or scale. It pointed to a broader behavioural reality: members who make an active investment choice are not just choosing a different portfolio—they are signalling a level of awareness, confidence, and intent that compounds over time.

> *"Inertia isn't a sign of ignorance. It's a behavioural constant—one that quietly compounds over decades, eroding retirement outcomes not through bad decisions, but through no decisions at all."*

These insights prompted the deeper investigation:

Engagement Gaps Are Costly

The Retirement Income Covenant expects funds to support better outcomes—not just better products. Our data shows those outcomes improve when engagement starts earlier. The longer we wait, the harder it gets.

FY25 Performance Messaging Risks Reinforcing Inertia

Strong MySuper returns deserve recognition—but focusing solely on performance risks locking members into default thinking. Real progress lies in shifting members from passive to active.

Investment Choice Is a Litmus Test

Investment choice is a simple, scalable way to assess whether members have the confidence and support to act. It signals a fund's ability to turn awareness into engagement—without overwhelming complexity.

Inertia Is Structural, Not Situational

Avoidance isn't ignorance—it's behavioural. Inertia persists across income, age, and education. The solution isn't more information, but better systems that guide action and reduce friction.

Scale Demands Scaled Solutions

Australia's super system is big—but its engagement tools often aren't. Global funds facing similar scale challenges are embracing digital, guided, and timely interventions. We should too.

Correlation, Not Coincidence

While investment choice doesn't *cause* better outcomes, the correlation is consistent and strong. It acts as a behavioural marker—revealing which members are ready to act, and whether the fund is creating the conditions that support that action. In a system defined by defaults, signals like this are too important to ignore.

Framing the Questions

The Power of the Engaged Member seeks to explore five interlinked questions:

1. What does the data really tell us about the difference between MySuper and Choice members?
2. How does age, fund size, and segment influence engagement and outcomes?
3. Are funds retaining their most engaged members—or quietly losing them?
4. How does a fund's strategic servicing posture influence member behaviour over time?
5. What role do advice, digital tools, and behavioural design play in converting awareness into action?

These questions guide the analysis that follows, drawing on a study of 17 superannuation funds representing more than 16 million accounts. By examining the intersection of member behaviour, fund strategy, and retirement outcomes, *The Power of the Engaged Member* aims to surface actionable insights—not just about what's happening, but what funds can do next. These questions anchor the analysis that follows, helping uncover not only what's happening—but what funds can *do* to change the trajectory.

> *"The legislated objective of superannuation is to provide a dignified retirement. That won't be achieved through strong returns alone—it requires confident, supported decisions along the way."*

Data Insights: Understanding the Member Profile

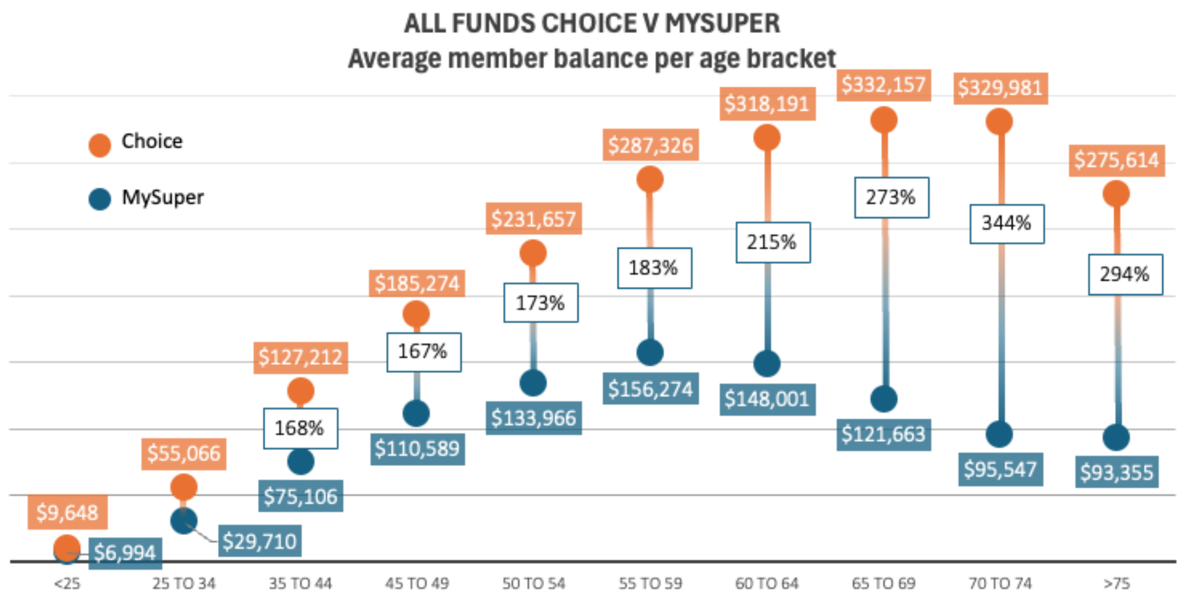
To better understand the impact of inertia on member outcomes at retirement you need to look no further than investment choice. This section examines how superannuation members' balances and investment behaviours vary by age and investment choice.

While the data reflects a **single point in time**—not longitudinal tracking—it provides valuable insight into how **accumulation patterns, engagement, and investment outcomes diverge** between those who remain in MySuper and those who make an active investment choice.

Average Balance by Age and Investment Type

Superannuation funds have delivered strong long-term returns through MySuper — but the next challenge is enabling members to take control of their outcomes or risk letting them drift toward retirement without the clarity, confidence, or support they need.

Figure 1 illustrates the average account balance by age bracket, comparing members in Choice and MySuper investment options. Orange circles represent Choice accounts; blue circles represent MySuper accounts. Across every age group, members who have made an active investment choice hold materially higher average balances than those who remain in the default.



> *"Across all sectors and ages, Choice members consistently hold higher balances—but the gap is not fixed. It widens with age, reflecting the compounding effects of active investment decisions over time. For many members, staying in MySuper is not just passive—it's costly."*

The difference is far from marginal. By retirement, the typical Choice member holds nearly **$220,000 more** than their MySuper counterpart. Even in younger cohorts, where balances are lower, the difference in **trajectory** is already emerging, but there is a difference based on the type of superannuation fund.

Segment-Level Patterns: What the Data Reveals About Fund Cohorts

When the data is broken down further into fund segments—<1 million members, >1 million members, and retail funds—clear behavioural and structural patterns emerge that point to potential differences in engagement, scale, and strategic execution.

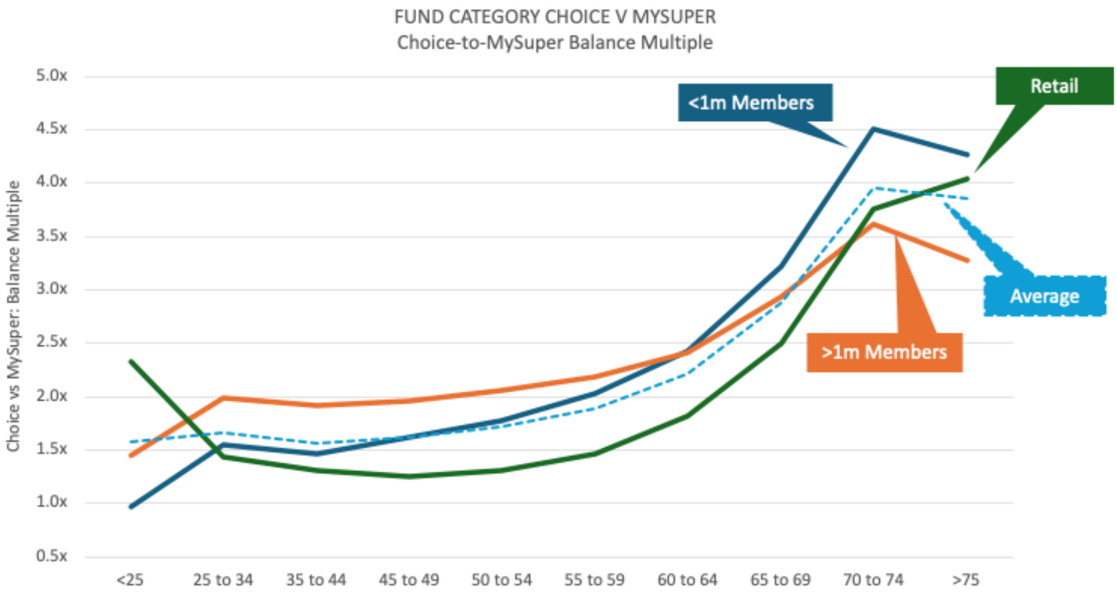


Figure 2

>1M Funds: Strong Early Advantage

- **Larger member-based funds outperform in the early years**, showing significantly higher average balances for Choice members under age 35.
- This may reflect **stronger onboarding experiences or member joining processes** that help nudge new or younger members into active investment decisions early.
- These funds may also have more targeted services and communication strategies, suited to early engagement.

<1M Funds: Consistent Momentum from Age 55 Onwards

- From age 55, <1M member funds maintain a steeper accumulation curve than >1M funds. Retail has a similar trajectory albeit at a lower balance multiple.
- This could indicate a closer relationship with members—greater familiarity, better segmentation, or more effective engagement pathways as retirement approaches.

>1M Member Funds: Strong Outcomes, Harder Challenge

- Large funds still demonstrate strong Choice outcomes, with average balances more than tripling MySuper balances by retirement.
- However, their performance is **less steep than smaller peers**—possibly due to the sheer complexity of engaging at scale.
- Their challenge is different: **reaching hundreds of thousands of defaulted members** with the same relevance and precision that smaller funds can more easily achieve.

> *"Designing for scale isn't just about building more. It's about building better—especially for those in their peak earning years, who are coasting in default at the moment when a small decision could compound into a significant difference."*

A Notable Plateau: Ages 35 to 54

- A clear flattening in the balance multiple curves emerges across ages 35–44, 45–49, and 50–54—consistent across all fund types.
- This plateau suggests a behavioural pattern: members in these age groups may be less engaged, less likely to switch, or caught in a psychological holding pattern.
- Inertia is not ignorance—it's a behavioural constant. Many of these members may be aware, but overwhelmed or under-supported.
- This group represents the **greatest risk—and the greatest opportunity—for funds**. If engaged, funds earn the right to support them through retirement planning. If ignored, they risk disengagement, rollover, or advice leakage at a critical life stage.
- These cohorts require tailored engagement—not more information, but systems, messages, and nudges that align with how they already think, feel, and act.

The Choice Premium: Differences & Behavioural Gaps

It's not controversial, or in fact new information, that across every age cohort, members who make an active investment choice have significantly higher average balances than those remaining in the MySuper default. What may come as a surprise is the magnitude of the difference across the age groups.

This trend is evident regardless of fund type, though the magnitude of the difference grows meaningfully with age:

- Members aged <50 in Choice: **+229%** higher balances than MySuper
- Ages 50–60: $258k (Choice) vs $144k (MySuper)
- Ages 60–65: $318k (Choice) vs $148k (MySuper)
- Over 65: **+283% difference** ($313k vs $110k)

This data underscores a fundamental truth: members who engage with their superannuation by making an active investment choice experience significantly better financial outcomes over time.

But Correlation ≠ Causation— But the Signal Is Clear

While it's tempting to conclude that higher Choice balances are the result of superior investment performance or higher contributions, the reality is more nuanced. *The Power of the Engaged Member* does not claim that making an investment choice causes better outcomes. Rather, it highlights a consistent and strong correlation—suggesting that investment choice is a behavioural signal of awareness, confidence, and intent.

Engagement Happens Late

Despite the evidence, most members—especially those under 50—remain in MySuper. Engagement only becomes widespread later in life—by which time balances are largely already set, and the benefits of compounding are diminished:

Age Bracket	% of Members in Choice
<25	8.9%
25–34	14.9%
35–44	24.3%
45–54	29.3%
55–64	36.9%
65–74	57.6%
>75	78.2%

This represents a critical gap: members are least engaged when their decisions matter most. This is not due to ignorance, but a behavioural constant. In this context a behavioural constant is a persistent and predictable behavioural tendency – such as inertia – that influences decision-making across individuals, regardless of context or knowledge level. In other words, it's human nature!

> *It's not that members don't know what to do—it's that the system hasn't been built to help them do it.*

Choice Participation Rates May Benefit From External Rollouts

Another contributing factor may be structural. It's not just that engaged members move to Choice—unengaged MySuper members may be silently exiting the fund altogether.

In 2022, I wrote about research conducted whilst I was at Link Retirement and Superannuation Services. In a 12-month period >84,000 third-party authority requests were processed representing approximately $15b in member benefits. These were provided by members giving their financial advisers access to their account details.

The average age of the members granting authorisation to an adviser was in their late 40's to early 50s, with balances under $200,000. Just over a quarter of members rolled their retirement benefits out to another provider within 90 days.

These figures suggest that many mid-life members—especially those with moderate balances—are seeking support and advice outside their fund, often resulting in a full or partial rollover.

There are several potential drivers behind the rise in Choice participation rates—particularly in the 50–65 age group. These include:

- Members making an investment switch outside the fund (and thus appearing as exits rather than Choice activations)
- Exiting the MySuper cohort altogether, lowering its average balance and increasing the relative weight of engaged members
- The remaining MySuper population skewing younger, smaller, and less engaged

This quiet form of member leakage—largely invisible unless actively monitored—may help explain the widening balance gap observed in later life stages. It reflects not just a disengagement issue, but a **retention and visibility challenge** for funds.

Strategic Implication

The Choice cohort isn't just delivering better outcomes — it's becoming the natural home for engaged members. Meanwhile, MySuper is increasingly populated by those who are less engaged, less confident, or less supported. Many of these members eventually seek guidance elsewhere, exit the fund, or make suboptimal decisions by default.

For funds aiming to improve retention and long-term outcomes, investment performance alone is not enough. **Early and ongoing engagement is essential** — not just to inform, but to empower members to act before they mentally disengage or financially move on.

To help assess the effectiveness of **funds'** engagement posture, Borromean Consulting has developed the Engagement Strategy Score (ESS). **The ESS** evaluates the presence, intent, and timing of engagement initiatives—such as digital tools, education, advice pathways, and behavioural nudges—and compares these against observed patterns in member activation, investment choice participation, and retention.

The Engagement Strategy Score When paired with actual member behaviour, the ESS reveals the alignment — or misalignment — between engagement intent and real-world outcomes.

Strategic Segments Analysis

Mapping Engagement Strategy vs Member Action

While MySuper performance remains strong, it only tells part of the story. This analysis shifts the lens from investment outcomes to member behaviour — specifically, how funds are investing in engagement, and whether that investment is prompting members to act.

To explore this, Borromean Consulting developed the Engagement Strategy Score (ESS), drawing on APRA expense disclosures across two reporting periods. The ESS assesses the proportion of a fund's member servicing spend directed toward proactive engagement — including digital tools, educational content, and behavioural nudges. Spend allocated to reactive channels, such as call centres, is excluded, as it largely reflects administrative support for members rather than strategic activation.

When the ESS is plotted against the Choice Participation Rate (CPR) — the share of members who have made an active investment choice — a distinct pattern emerges, highlighting how strategy and behaviour align (or don't).

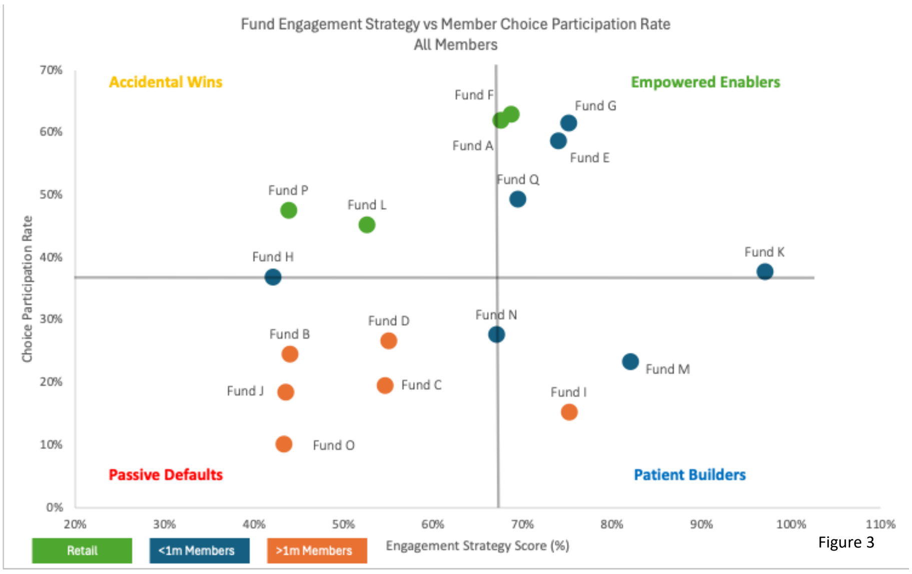


Figure 3

Source: APRA Statistical Publications

The Engagement Strategy Score (ESS) measures the proportion of servicing spend directed toward proactive initiatives—such as digital guidance, education, and behavioural support. The Choice Participation Rate (CPR) reflects the proportion of members who have made an active investment choice.

By mapping funds against the median ESS and CPR scores, a clear segmentation pattern emerges. Borromean Consulting has defined four strategic profiles:
Empowered Enablers, Accidental Wins, Patient Builders, and Passive Defaults—each reflecting a different alignment between engagement strategy and member action.

Empowered Enablers (High CPR, High ESS)
These funds combine high investment in proactive member engagement with strong levels of member choice. Their strategy appears to be working: investment in tools, guidance, and digital support is translating into member action. Interestingly, 4 of these are **<1m member funds**, suggesting that scale is not a precondition for effectiveness.

Accidental Wins (High CPR, Low ESS)
Here we see high levels of member choice despite comparatively low investment in proactive engagement. These funds may be benefiting from legacy relationships, a self-directed member base, or adviser relationships — but there's a risk they are **not driving** this behaviour.

Patient Builders (Low CPR, High ESS)
These funds are investing heavily in proactive engagement but have yet to shift the behaviour of their members. They may be in transition, building long-term capabilities, or investing elsewhere.

Passive Defaults (Low CPR, Low ESS)
Funds in this quadrant have both low proactive spend and low member engagement. These are many of the larger funds who have the additional challenge of needing to scale their services to reach more members. Their member base may be defaulting into MySuper not out of trust — but inertia.

Together, these quadrants highlight the **divergent strategies and outcomes** across the superannuation sector. Some funds are clearly aligning investment in engagement with meaningful member action, while others are either over-investing without effect—or relying on legacy behaviours they may not control.

> *"Funds don't just service members — they shape the conditions under which decisions are made."*

The ESS/CPR framework helps to distinguish between **intent and impact**. It reveals that **cost alone is not the differentiator**—it's how that cost is directed. Funds with similar expense levels produce vastly different member outcomes depending on whether their servicing model is reactive or proactively designed to build capability and prompt choice.

In that sense, engagement is not just a communications challenge. It's a strategic posture—one that determines not only how a fund spends, but how it shapes the future behaviours of its members.

Strategic Insight: What the ESS/CPR Framework Reveals

- **Not all engagement investment is equal.** Funds with similar levels of spend produce vastly different outcomes depending on how that spend is directed — toward proactive activation or reactive support.
- **Intent does not guarantee impact.** Some funds are investing heavily in engagement but failing to shift member behaviour. Others are benefiting from legacy or external dynamics they may not fully control.
- **Strategic clarity matters.** High Choice participation without a deliberate servicing strategy is fragile. Equally, low activation despite proactive investment may signal a mismatch between channel, timing, or message.
- **Engagement is a posture, not a campaign.** The most effective funds treat engagement not as a communications challenge, but as a core design principle embedded in how they serve, support, and scale.

FOOTNOTE: Interpreting the Passive Defaults

While the “Passive Defaults” quadrant is largely populated by the largest funds, this does not necessarily reflect a lack of intent. In large-scale environments, the cost of reactive servicing can dominate simply due to member volume.

However, it raises important questions about the extent to which **proactive engagement—particularly scalable digital tools, apps, and education—has been prioritised and embedded**. These patterns warrant further investigation, especially given the strategic importance of activating members earlier and at scale.

Advice and the Mid-Life Activation Effect

When comparing Choice Participation Rates (CPR) between members under age 50 and those aged 50–65, a clear and compelling trend emerges:

- The funds with the highest increase in CPR between these two age bands are also those with the highest advice spend per member.
- Conversely, the lowest-spending funds show minimal CPR uplift as members approach retirement.

> *“Advice doesn’t shift the starting line — but it moves the finish line.”*

This suggests that **advice doesn’t necessarily lift early engagement**, but it **plays a significant role in activating already engaged members later in life** — at precisely the time when balances are higher, decisions are more consequential, and guidance is more valuable.

However, this presents a strategic dilemma: **members who haven’t been engaged earlier are less likely to engage with advice later**. This implies that retirement advice strategies—particularly under the Retirement Income Covenant—must be built not just as service models for the ready, but as **engagement models for the nearly engaged**.

To explore this visually, Figure 4 maps total advice spend per member against CPR growth from under-50s to the 50–65 cohort. Four distinct strategic postures emerge:

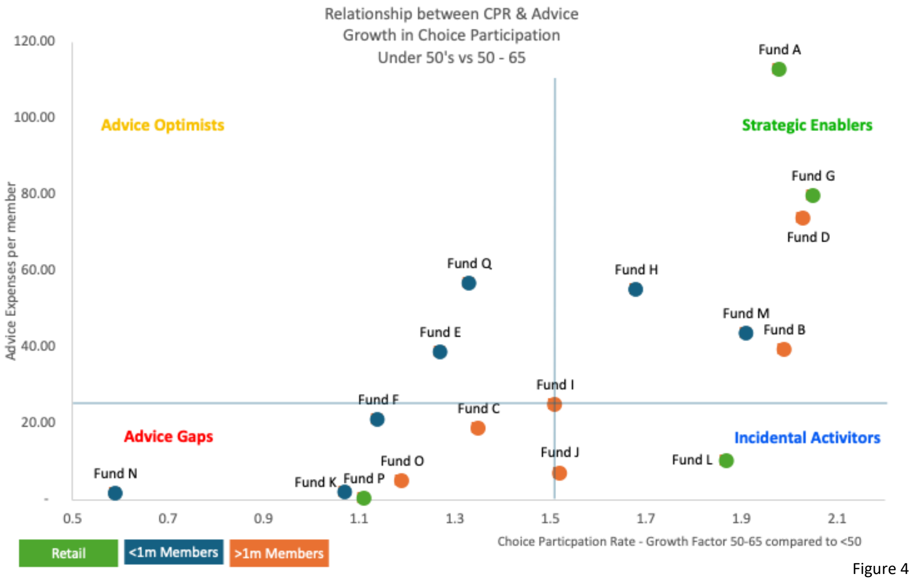


Figure 4

Source: APRA Statistical Publications

By mapping funds against the median levels of advice spend per member and CPR growth between under-50s and 50–65 year-olds, a distinct set of strategic postures emerges.

Borromean Consulting has defined four profiles:
Strategic Enablers, Advice Optimists, Incidental Activators, and **Advice Gaps**—each reflecting a different relationship between advice investment and member activation in the critical pre-retirement years.

Strategic Enablers (High advice, high CPR growth)
These funds are getting it right — investing meaningfully in intra-fund advice, planners, and external adviser support, and seeing strong engagement growth as members approach retirement. **Advice is being used as a lever for real activation.**

Advice Optimists (High advice, low CPR growth)
These funds are investing in advice infrastructure but haven't yet translated that into behaviour change. They may be in build mode, or facing delivery barriers like accessibility, messaging, or member segmentation.

Incidental Activators (Low advice, high CPR growth)
These funds are seeing a lift in CPR among older members despite relatively low advice spend. This may reflect member self-direction, external adviser relationships, or legacy default pathways. But without deliberate strategy, these outcomes may not be sustainable.

Advice Gaps (Low advice, low CPR growth)
Funds in this quadrant are neither investing in advice nor seeing an uplift in member engagement later in life. This represents **a missed opportunity** at a time when members are most open to action — and most at risk of inertia-driven decisions.

Together, these quadrants highlight the varied approaches superannuation funds are taking to advice — and the vastly different outcomes those approaches produce. Some are using advice as a deliberate lever to activate members in the lead-up to retirement. Others are investing in infrastructure without yet shifting behaviour or seeing engagement results that may be more accidental than intentional.

> *"Advice is not just a service — it's a signal of whether a fund is ready to support members through their most consequential decisions."*

The CPR/advice framework makes clear that advice effectiveness is not determined by spend alone, but by strategic alignment: whether the right members are being reached, at the right time, with the right support.

In this light, advice must be viewed not only as a late-stage offering, but as a test of a fund's readiness to deliver on its retirement income obligations — and to engage members before they opt out, roll over, or retire unprepared.

Strategic Implication

Advice may not shift the starting line — but it has a measurable impact on the finish line.

> *"What holds many members back isn't a lack of interest — it's a lack of timely, accessible guidance they trust."*

Funds seeking to improve retirement outcomes must focus not just on offering advice, but on how that advice is delivered — when, how, and to whom.

This analysis reinforces that advice works best as a late-stage activator for already-engaged members. Without earlier engagement, advice models risk serving too few, too late.

As the Retirement Income Covenant sharpens focus on support at retirement, funds will need to bridge the gap between service and engagement — or risk leaving behind those who need it most.

Summary: Why This Data Matters

The data tells a consistent story: **members who engage—early and actively—achieve better outcomes**. But engagement isn't accidental. It's shaped by design, communication, and the environment that funds create.

Funds that invest in **proactive engagement strategies**—particularly digital tools, targeted education, and accessible advice—are more likely to see members take meaningful action. These actions compound over time, resulting in significantly higher retirement balances.

By contrast, a continued reliance on **default settings and reactive servicing** leaves many members coasting through their peak earning years underprepared and unengaged.

The most successful funds don't just deliver investment returns—they **reshape the conditions in which members make decisions**. That means engaging earlier, removing friction, and providing simple, relevant support before members mentally check out or financially move on.

From Inertia to Intent

Recognising the 'Almost Engaged' and Lifting Willingness to Engage

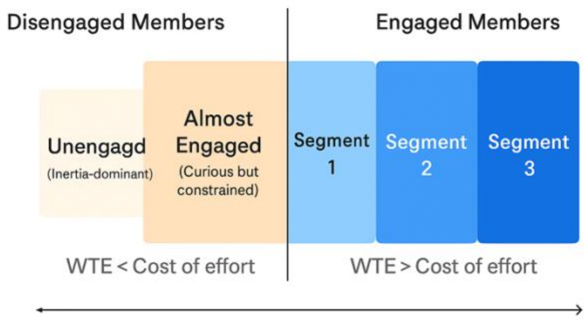
Not all members in the default investment option are disengaged. Among them is a group of members who are aware, curious, and quietly searching for support—but who remain unengaged. They haven't taken the step to make an active investment choice, not because they don't care, but because **the path forward still feels unclear, complex, or risky**.

These members sit in a grey zone between passivity and participation. For many funds, they're invisible in traditional engagement metrics—but they're not idle. They check balances. They browse tools. They read articles or attend webinars. But they stop short of action.

This group—the **almost engaged**—represents a strategic opportunity that is largely hiding in plain sight. They are closer to conversion than most assume, and the right intervention, message, or moment could unlock meaningful action. But when funds don't meet that need, someone else does. Many of these members may be rolling out to advisers, retail platforms, or digital tools that are simply better at making the next step easy, timely, and confidence-building.

> *"Inertia isn't the absence of interest. It's what happens when intent meets friction."*

To retain and support these members, funds need to focus on what lifts their **willingness to engage (WTE)**. When funds succeed in doing so, they increase the member's perceived value of their superannuation—transforming it from a distant, abstract asset into something meaningful, relevant, and worth acting on. The outcome is clear: increased retention, more active participation, and improved member outcomes. Crucially, this is a value exchange where everyone benefits—members feel supported, and funds strengthen relationships and performance.



Willingness to engage isn't about attention—it's about **building confidence and clarity**. It reflects how ready a member feels to act, how safe they believe the outcome will be, and how supported they feel in making the decision. It's shaped by their past experiences, their sense of financial capability, and the way the fund communicates with them.

Importantly, this isn't a question of providing more information. What's missing is a sense of **momentum**—and the behavioural scaffolding that helps turn curiosity into capability, and capability into choice.

That's where **complementary services** become critical. Simple digital tools. Embedded advice. Nudges. Real-life stories. Well-timed interventions. These are the things that make action feel achievable, low-risk, and worthwhile. They increase perceived value, reduce behavioural friction, and ultimately **shift a member's sense of agency**.

This is particularly important because defaulting is not always benign. Sometimes, in the absence of guidance, members take action—but at the wrong time and for the wrong reasons. A classic example is the emotionally driven switch to cash during a market downturn, which locks in losses and causes the member to miss the recovery. These are **self-destructive decisions made in the absence of timely support**.

> *"Turning the almost engaged into the actively engaged isn't about more information — it's about better design."*

Funds need to anticipate these moments and respond not just with education, but with **intervention.** That means providing:

- Clear and timely consequence messaging
- Digital prompts that show real-time impact
- Communication that engages at the member's level, not above it
- And behavioural cues that help them make better decisions, not just more informed ones

In the next section, we explore how this shift can be operationalised—how funds can move beyond financial literacy into **financial capability building**, how communication style and delivery timing matter as much as content, and how **digital tools and advice partners** can enable scalable, timely, and personalised engagement at key decision points.

Because turning the 'almost engaged' into the actively engaged doesn't require a radical reinvention. It requires meeting members where they are, removing the barriers in their way, and building the confidence they need to move forward.

From Information to Action

Building Financial Capability in the Real World

When it comes to engagement, more information isn't the answer. Members aren't asking for a detailed explanation of asset classes, risk premiums or the mechanics of rebalancing. What they want—often urgently—is clear, timely guidance that helps them make a confident next step. That's the essence of **financial capability**. It's not about how much a member knows, but how well they can act.

Traditional financial literacy programs have focused on education—assuming that if we teach people more, they'll do more. But in reality, most members already have enough going on in their lives. They don't want to become financial experts. They just want to know: *what should I do next—and why does it matter?*

This is where funds can play a unique role. Unlike generic education campaigns, super funds have the advantage of **proximity**—they know the member's age, balance, contribution patterns, and likely retirement trajectory. That insight should be used not to explain more, but to **enable more**. To meet members at the right moment, with the right message, in the right format—and help them act with confidence.

> *"If knowledge alone changed behaviour, we'd all eat better and retire richer."*

Some funds are beginning to shift toward this model—providing embedded calculators, retirement simulators, or simple one-click guidance that helps a member take a small but meaningful step. Others are using intra-fund advice or guided decision journeys to deliver *contextualised nudges*, not content dumps.

Done well, these interventions don't just increase engagement. They build capability. They create habits. And over time, they shift members from passive to proactive—not because they've become more educated, but because the **system around them made it easier to act**.

In the next section, we explore how communication design—vignettes, consequence messaging, and timing—can turn capability into action and stop poor decisions before they happen.

Digital Advice and Tools: Scalable Support for Investment Choice

One of the greatest challenges facing super funds—and pension providers globally—is scale. As member numbers grow, the ability to provide timely, personalised guidance to every individual becomes harder, not easier. Traditional models of advice and service simply can't stretch far enough.

That's why leading funds around the world are turning to **digital solutions**—not just to improve efficiency, but to **close the gap between member intent and meaningful action**. And one of the most effective applications of digital is in supporting members to make an active **investment choice**.

> *"Digital isn't a channel—it's the only way to deliver personalised guidance at scale."*

For too long, investment choice has been treated as a high-friction decision—complex, intimidating, and best left alone. But digital tools can change that. When designed well, they turn a once-daunting decision into a guided, confidence-building experience:

- Simple interfaces that help members understand the trade-offs between different options
- Contextual prompts that appear when a member's behaviour signals readiness (e.g. logging in, reaching a milestone, reading about returns)
- Step-by-step decision journeys that frame investment choice in terms of outcomes, not jargon
- Seamless pathways to intra-fund or phone-based support for members who need extra reassurance

In this way, digital becomes more than a tool—it becomes a **scaled activation engine**. It empowers the "almost engaged" member to become an engaged one, without needing to queue for an appointment or navigate overwhelming information. It makes action easy, timely, and trusted. Global pension providers have already recognised this. In the UK, Canada, and parts of Europe, digital decision journeys are now the default—not the fallback. Why? Because **at scale, digital is the only way to provide meaningful guidance to millions of members, most of whom will never seek traditional advice**.

> *"Across global pension systems, digital is no longer a backup plan—it's the frontline of engagement."*

For Australian funds, the opportunity is clear. Investment choice isn't just a compliance requirement or a product feature—it's a moment of engagement. And digital tools are the key to unlocking it at scale.

Conclusion: The Power of the Engaged Member

The data is clear: **members who engage early and actively with their superannuation achieve significantly better outcomes**. But engagement isn't accidental. It's shaped—by design, by communication, and by the choices funds make about how and when to support their members.

Today, most Australians remain in the default MySuper option well into their 50s. Not because they've made an informed decision to stay—but because they've never been given the confidence, clarity, or prompt to act. This is inertia at scale—and it's costing members, and funds, more than we realise.

> *"Inertia isn't a lack of interest—it's a system that makes inaction easier than action. Funds have the power to change that."*

This paper has shown that **active members have up to 300% higher balances** by retirement, and that **engagement is not a function of spend, but of strategic intent**. The most effective funds aren't just delivering performance. They're reshaping the environments in which decisions are made.

From Insight to Action: Where Funds Go From Here

That leads to three imperatives for super funds:

1. **Reframe investment choice as a strategic engagement moment:** It's not a compliance feature—it's a measure of trust, capability, and member confidence.
2. **Start earlier, act smarter:** Focus on members in their 30s to 50s, when guidance can compound over decades—not just years.
3. **Invest in scalable, timely, human-centred support:** From digital nudges to intra-fund advice, it's about making it easy to take the next step—at the right time, and in the right way.

In a system built on trust, engagement is the clearest measure of whether that trust is earned.

The power of the active member is not just in their outcome—but in their agency.
Super funds now have the opportunity—and the responsibility—to unlock it.

ABOUT BORROMEAN CONSULTING

In today's superannuation landscape, performance alone is not enough. Funds must also deliver environments that build trust, foster capability, and prompt members to act.

Borromean Consulting, led by industry expert **Duncan McPherson**, specialises in helping super funds develop and scale advice, engagement, and communication strategies that shift members from passive defaulting to confident decision-making.

With over 30 years' experience across **financial advice**, **digital engagement**, and **regulatory governance**, Duncan brings a rare combination of strategic insight and executional experience. As a former **Responsible Manager of an AFSL** and **Director of a large-scale advice business**, he understands the practical realities of delivering advice and engagement models that are effective, compliant, and member aligned.

Borromean Consulting partners with super funds to:

- Design and implement **engagement strategies** that lift capability and drive action
- Build **advice and guidance models** that meet member needs and regulatory expectations
- Translate insights into **scalable, governance-ready solutions** that improve long-term member outcomes

Whether it's member engagement strategies, investment choice, intra-fund advice, or digital support, Borromean Consulting helps funds make engagement real—by empowering members to shape their own future.

Appendix A: Methodology and Sample Design

A.1 Purpose of the Analysis

This data analysis was conducted to understand how member outcomes in superannuation — particularly balance accumulation and investment engagement — are influenced by fund servicing posture and advice models. It draws on published APRA data, fund-reported expense disclosures, and proprietary classification developed by Borromean Consulting.

A.2 Sample Overview

The analysis is based on a diagnostic of **17 superannuation funds**, representing **over 16-million-member accounts**. The fund sample includes a cross-section of:

- Large industry and public sector funds
- Smaller industry and niche funds
- Retail master trusts and platform-style funds

These funds were selected to capture behavioural and structural differences across fund models, scale, and operating structures.

Funds Included in the Sample
AustralianSuper
ART
Rest
Hostplus
Aware
HESTA
Cbus
AMP Super (N. M. Superannuation Proprietary Limited)
CFS (Avanteos Investments Limited)
MLC Super (Nulis Nominees (Australia) Limited)
Unisuper
Brighter Super
Equip
Prime Super
NGS
Russell Investments
LegalSuper

A.3 Deriving Choice Participation and Balance Data

The Australian Prudential Regulation Authority (APRA) does not report Choice investment option membership directly. However, it does publish:

- The **total number of member accounts**, and
- The **number of MySuper member accounts**, by fund and by age cohort.

To estimate Choice participation, the following **derived method** was applied:

Step 1: Deriving Choice Account Numbers

$$\text{Choice Accounts} = \text{Total Accounts} - \text{MySuper Accounts}$$

This approach assumes that **all accounts not in MySuper are in Choice options**. While this does not capture nuanced member flows (e.g., some closed options), it offers a reasonable and consistent proxy across the 17-fund sample.

Step 2: Calculating Average Balances by Age Bracket

APRA also reports **total member benefits** by age group for both total and MySuper cohorts. This enabled balance estimates:

- **Average balance (Total)** =

$$\frac{\text{Total Member Benefits (All)}}{\text{Total Accounts (All)}}$$

- **Average balance (MySuper)** =

$$\frac{\text{Total Member Benefits (MySuper)}}{\text{MySuper Accounts}}$$

- **Average balance (Choice)** =

$$\frac{\text{Total Member Benefits (Choice)}}{\text{Choice Accounts}}$$

where:

$$\text{Total Member Benefits (Choice)} = \text{Total Benefits (All)} - \text{MySuper Benefits}$$

This method allows for consistent comparison of **Choice vs MySuper balances across age brackets**, and enables analysis of engagement patterns, lifecycle participation, and the relative accumulation outcomes associated with active investment choice.

Note: This analysis is based on account numbers, not unique members. While some individuals may hold multiple accounts, the use of account-based ratios aligns with the structure of APRA's published data and preserves internal consistency across funds.

A.4 Engagement Strategy Score (ESS)

The **Engagement Strategy Score** measures the proportion of total member servicing costs allocated to **proactive services** (e.g. website, digital tools, education, data analytics), as distinct from **reactive services** (call centre operations).

Formula

$$\text{ESS} = \left(\frac{\text{Total Member Services} - \text{Call Centre}}{\text{Total Member Services}}\right) \times 100$$

- **Call Centre costs** are classified as reactive servicing
- **All other servicing spend** is classified as proactive engagement investment
- ESS is expressed as a percentage, representing the share of proactive spend

Note: For one fund (MLC Super), where call centre costs were not disclosed in APRA-published data, a benchmark proxy of $56.12 per member was applied based on the average of peer retail funds.

A.5 Choice Participation Rate (CPR)

CPR represents the proportion of a fund's membership that has made an **active investment choice** — i.e., members who are not in the default **MySuper** investment option.

Formula

$$\text{CPR} = \left(\frac{\text{Members in Choice Investment Options}}{\text{Total Member Accounts}}\right) \times 100$$

- CPR was calculated for:
  - All members
  - Members aged under 50
  - Members aged 50–65

These segmentations enabled the analysis of **lifecycle engagement patterns** and were critical to identifying mid-life activation trends.

A.6 Mid-Life Engagement Growth Rate

To identify how engagement changes as members approach retirement, we calculated the growth in CPR between younger and older age cohorts:

Formula

$$\text{CPR Growth Factor} = \frac{\text{CPR (Age 50} - \text{65)}}{\text{CPR (Under 50)}}$$

This was used to create the second quadrant model (Advice Spend vs CPR Growth).

A.7 Median Calculations for Quadrants

To segment funds into quadrants (ESS vs CPR and Advice vs CPR Growth), we used the **median** of each variable within the 17-fund sample to establish quadrant boundaries.

- **ESS Median**: Derived from ESS values across all funds
- **CPR Median**: Based on CPR for total membership
- **Advice Spend Median**: Based on total advice cost per member (including intra-fund, planner, and external payments)
- **CPR Growth Median**: Based on CPR uplift ratio between under 50s and age 50–65

This approach ensures segmentation reflects relative differences within the sample — not external benchmarks — making the quadrant analysis responsive to the actual industry landscape.

A.8 Advice Spend adjustments

To enable consistent comparison, advice-related expenses have been calculated on a per-member basis, without distinction between types of advice services provided. It is important to note that for illustrative purposes, the advice expenditure for Funds A and D has been adjusted to 10% of their actual reported spend in select charts to help demonstrate the relative value of advice. However, their full (unadjusted) figures are included in the calculation of median values.

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