

MEDIA RELEASE

Investigating the investment preferences of SMSF pensions – latest Class SMSF Benchmark Report reveals where retirees are putting their money

Thursday, 1 February 2018 –SMSFs in pension phase carry a stereotype of having a more conservative investment profile, while also chasing yield as a source of income. The December 2017 Class SMSF Benchmark Report takes a closer look at SMSF pension assets and highlights where retirees are putting their money.

The Report, released today, reveals that on average, pension SMSFs earn a 7% higher gross dividend yield on their ASX shares when compared to their accumulation peers (6.18% vs 5.77%) and the ASX 200 index which provides a yield closer to 5.6% - a clear indication that pension SMSFs are, as assumed, attracted to higher yield stocks.

Pension SMSFs have a strong preference for domestic equities over international shares. Investment in domestic equities sits at 33% of gross assets for pension SMSFs vs. 23% for accumulation SMSFs. Investment in international equities sits at 1.0% for pension SMSFs and 1.2% for accumulation SMSFs. This preference for domestic shares is likely to be influenced by the fact that franking credits are heavily used by Australian companies and are not generally available for international shares.

Meanwhile, pension SMSFs are less interested in direct property, with the average accumulation SMSF allocating nearly 3 times as much to residential property. Accumulation SMSFs are also far more likely to invest in residential property and they are 12 times more likely than pension SMSFs to borrow money to do so.

Class CEO Kevin Bungard said “Pension SMSFs have always been cited as a conservative group who are heavily focused on yield. Our data analysis from the more than 150,000 SMSFs on Class validates this, but importantly delivers depth around the types of investments retirees are embracing.

“It will be interesting to track how investment preferences change over time, as a new set of SMSFs move into pension phase.”

Download the Class SMSF Benchmark Report [here](#)

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About Class

Class was established in 2005 to develop and deliver industry strength software solutions for the Australian self-managed superannuation industry. Class Super is Australia’s leading cloud SMSF administration software. Class Portfolio is a powerful administration and reporting solution for companies, trusts and individuals.

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