

4. Expenses deducted for risk benefits and administration costs

4.1 Average expenses

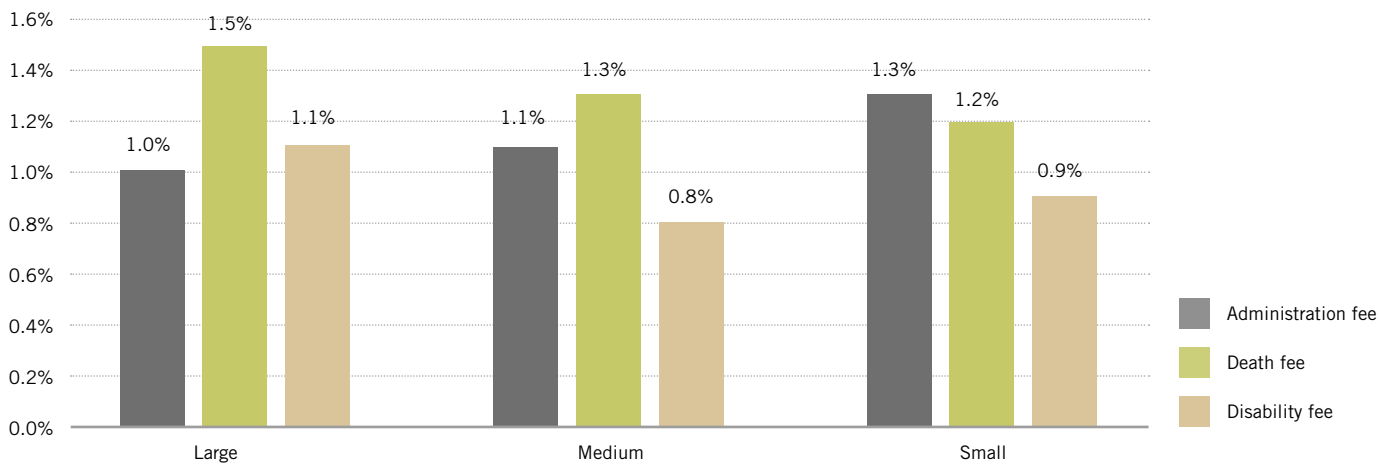
The net contribution allocated to retirement savings is more important than the gross contribution. The net contribution is affected by the deductions for insured death, disability and other benefits, administration fees and other expenses. This table lists the average expenses as a percentage of salary for 2015, 2018 and 2019.

	2015	2018	2019
Administration and other expenses	1.0%	1.09%	1.0%
Disability benefit	0.9%	0.9%	1.0%
Death benefits	1.5%	1.3%	1.3%

4.2 Expenses by fund size

The graph below shows the average expenses for small (0–500 members), medium (500–2 000 members) and large funds (2 000 and more members).

Expenses for different fund sizes



4.3 Expenses by fund size

This table summarises the expenses in each sector as a percentage of pensionable salary for 2018.

Total average
contribution
2018

> Sectors	Administration and other expenses	Insured death benefit	Insured disability benefit
Construction	1.1%	2.1%	0.8%
Energy	1.2%	1.4%	1.0%
Fishing, forestry and agriculture	1.8%	1.9%	0.9%
Manufacturing	1.3%	1.3%	0.9%
Mining	1.1%	1.3%	1.1%
Personal services	1.0%	1.3%	0.9%
Professional and business services	0.8%	1.0%	0.7%
Public services	1.5%	1.0%	0.8%
Retail, wholesale and hospitality	0.9%	1.9%	0.9%
Transport and telecommunication	1.0%	1.2%	0.8%
Unclassified	1.3%	1.2%	0.8%



This table summarises the expenses in each sector as a percentage of pensionable salary for 2019.

Total average
contribution
2019

> Sectors

	Administration and other expenses	Insured death benefit	Insured disability benefit
Construction	1.1%	2.1%	0.9%
Energy	1.1%	1.4%	1.0%
Fishing, forestry and agriculture	1.5%	1.9%	0.8%
Manufacturing	1.1%	1.2%	1.0%
Mining	1.0%	1.3%	1.1%
Personal services	0.8%	1.3%	1.1%
Professional and business services	0.8%	1.0%	0.7%
Public services	1.5%	1.5%	1.1%
Retail, wholesale and hospitality	0.8%	1.2%	0.9%
Transport and telecommunication	1.0%	1.2%	0.9%
Unclassified	1.3%	1.2%	0.8%



4.4 Risk benefits offered

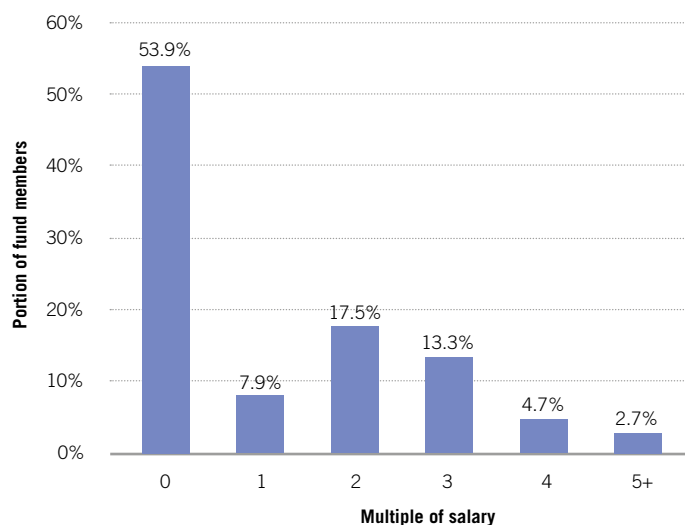
4.4.1 Death benefits

This graph shows the average death benefit insured through the fund as a multiple of salary. Most members are not entitled to receive any insured death benefit. It may be that these members are covered by employer-owned policies outside the fund.

Most fund members with an insured death benefit are insured for approximately two times annual salary. The average insured lump sum death benefit (where the fund provides such benefits) was 1.94 times annual salary. This is a slight increase from the 2018 analysis where it was 1.86 times annual salary.

These results only include in-fund death benefits. Many employers may provide death benefits in separate standalone group schemes. A majority of fund's members are not entitled to receive any insured death benefit at all, other than their fund credit. Individuals can also take out life cover in their personal capacity. Such benefits are not included in this analysis.

Insured death benefit as a multiple of salary



4.4.2 Average insured death benefit offered in each sector

The insured death benefit as a multiple of salary varies between the different sectors.

Insured death benefit - Average per sector

