Super still on a winner despite turbulent year

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SEVEN is a lucky number for Aussie savers as superannuation funds look set for a strong finish to 2016.

Research group SuperRatings estimates that balanced super funds – where about three-quarters of Australians hold their life savings – have grown 7.2 per cent for the calendar year.

Super's positive result comes despite a volatile year with sharp losses in January and February when investors were urged to "sell everything", the shock of Brexit midyear, and Donald Trump's surprise election win that had been expected to cause a collapse in financial markets.

It is the fifth straight year of positive returns and has added more than $13,000 to an average worker's super balance, when combined with their employer's contributions.

SuperRatings chief executive Adam Gee said rising share markets in Australia and overseas, particularly in November and December, had driven the good super gains.

Up until yesterday, super funds had improved 2.1 per cent in December alone, he said.

"Equity markets have rallied – there's been a big Santa rally," Mr Gee said.

He said super funds and investment managers were expecting the volatility that hit 2016 would continue in 2017.

Balanced super funds usually tell their members to expect one negative year in every seven years, so five positive years in a row suggests a downturn may be ahead – although nothing is certain.

"It could be next year, it could be the year after, but we are tracking pretty well at the moment," Mr Gee said.

Marinis Financial Group managing director Theo Marinis said this year's 7.2 per cent return was the typical longterm annual return for a balanced investment mix.

Balanced super funds hold about half of their members' money in shares, about 10 per cent in property, and the remainder in cash, fixed interest, infrastructure and other assets.

The average Australian super balance is about $75,000, and the average wage of almost $80,000 receives 9.5 per cent of compulsory contributions from employers – all reinvested for the future, often over many decades.

"It's the long term that matters," Mr Marinis said.

"In January it was 'panic stations, abandon ship' and all of a sudden it turned around."

Fears about China, Brexit and President-elect Trump all failed to dent financial markets, he said.

"If people knew which way the market was going to go, they wouldn't be telling you. They would be cornering it themselves and making a profit," he said.

"Trump seems to have surrounded himself with smart people.

"There's a lot of comparisons to Ronald Reagan, who also surrounded himself with smart people.

"The bull run we have seen since the US election is the market saying maybe Trump will not be that bad."