

An Ethos CRS
and VisibleThread
readability report

The 2021 readability scorecard: Australian superannuation funds

ethos^η crs

Research report 2



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Our aim in
***The 2021 readability
scorecard: Australian
superannuation funds***

is to compare the readability
of documents produced by
the largest superannuation
funds in Australia.

EXECUTIVE SUMMARY

In this report, Ethos CRS analyses the readability of documents produced by the largest superannuation funds in Australia.

Our starting points:

- » Fund members should be able to easily read what their funds put in writing.
- » Clarity helps members make informed financial decisions.

On these points, we're guided by organisations like the Australian Government Treasury and the superannuation sector's peak bodies. These organisations have identified the importance of clear, readable text.

In total, we measured the readability of 80 PDF documents that super funds published on their websites. Using the online readability application VisibleThread, we measured 3 attributes of text: the Flesch-Kincaid grade level, active voice and sentence length. We used these metrics to generate a readability score. Documents that met benchmarks for each attribute generated a readability score of 100.



Not one document came close to reaching a benchmark score of 100. The average readability score for 80 documents from 20 companies was 45.6.

We award the gold medal to CareSuper for the most readable suite of documents. Their documents scored an average of 49.4.

We awarded silver medals to Australian Super and HESTA, which tied for second place. Their suite of documents each generated a readability score of 49.2.

The best document was produced by Cbus. It was a product disclosure statement that generated a readability score of 55.7.

These findings suggest that super funds still have some work to do if they are to engage clearly and effectively with fund members.

Ethos CRS can't determine if these publicly available documents are representative of internal documents – for example, standard procedures and policies, or decision, risk management and project documents. Large organisational gains can be generated, however, when internal documents are clear, readable and aligned to purpose.

INTRODUCTION

In The 2021 readability scorecard: Australian superannuation funds, Ethos CRS examines the readability of documents and content produced by Australia's largest super funds.

In Australia, superannuation is important – and the decision to invest with the right fund is important. Over 12 million Australians have a super account, and over 4 million have more than one account. The super sector in Australia manages \$3.3 trillion in assets. Yet only 35 per cent of Australians know the actual value of their super.

Retail and industry super funds have a duty to be open and clear about the financial services they provide, the performance of funds they manage, and the rights and responsibilities of fund members.

All super funds face the challenge of delivering complex information to a diverse range of members. Levels of financial literacy vary widely.

Producing readable content is an important first step if funds are to address this challenge. In this scorecard, we:

- » summarise key concepts of readability
- » detail findings from our analysis
- » discuss issues that arise from our findings
- » make recommendations to address the communication challenge
- » explain our research method.



READABILITY MEASURES FOR SUPERANNUATION

To develop a readability score, Ethos CRS selected the largest 10 industry funds and the largest 10 retail funds based on Australian Prudential Regulation Authority rankings. We then compared the readability of documents produced by these top 20 super funds using our readability benchmarks.

We downloaded 4 documents for each of the 20 funds from company websites, specifically:

- » product disclosure statements
- » financial services guides
- » annual reports
- » company policies.

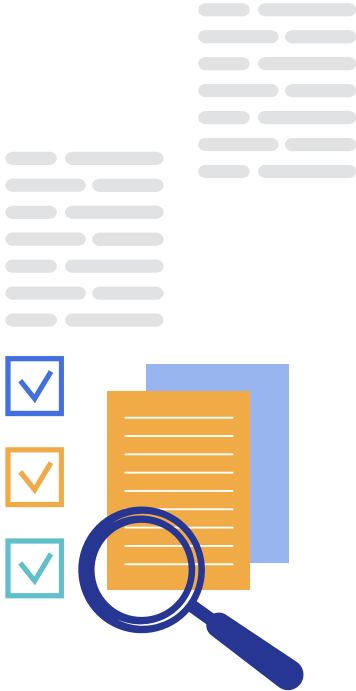
We analysed 80 documents in total.

The metrics we used to derive readability scores for the documents were grade level, average sentence length and use of active voice.

We used these same metrics for our 2021 readability scorecard for the Australian Public Service.

Following standards outlined in the Australian Government Style Manual, we set benchmarks for each individual metric to derive the Ethos CRS readability score for each document and an average score for each fund.

80
documents analysed



FINDINGS

The Ethos CRS readability score is a quantifiable measure of the clarity and quality of documents.

Ethos CRS readability score

A readability score of 100 reflects writing that is easy to read. To achieve this benchmark is to communicate using plain language anyone can understand. Comprehension is compromised when sentences are too long; content is too wordy; or words are overly complicated.

Table 1 shows all 20 funds examined in this survey, ranked according to the readability of their documents.

- » CareSuper had the highest readability score in this survey, at 49.4.
- » HESTA and AustralianSuper both had a readability score of 49.2.
- » Cbus had the next-best overall readability score of 48.4.

The average readability score of all 80 documents from 20 companies was 45.6. This tells us that, on average, content did not meet established benchmarks. Scores fell short on grade level and active voice benchmarks overall.

Table 1: Top 20 retail and industry funds, ranked for overall readability

Rank	Company	Readability score
1	CareSuper	49.4
2	HESTA	49.2
2	AustralianSuper	49.2
4	Cbus	48.4
5	Hostplus	47.7
6	UniSuper	47.7
7	Rest	47.2
8	MLC	46.8
9	Aware Super	46.6
10	QSuper	46.3
11	GuildSuper	45.9
12	Colonial First State	45.6
13	BT	44.9
14	Mercer	44.5
15	OnePath	44.5
16	AMP	43.7
17	IOOF	42.1
18	Perpetual Select	41.8
19	Sunsuper	40.7
20	Netwealth	40.2

Grade level

The benchmark for grade level was 7, which means content is clear to anyone with a lower-secondary education.

For all 80 documents, the average score for grade level was 13.5, which suggests members may need a tertiary-level education to understand or accurately interpret these documents.

To put this grade level finding in context, around 30 per cent of Australians hold a diploma qualification or higher, but only 1.2 per cent of adult Australians read at a tertiary education level.

Figure 1 shows the distribution of retail and industry funds against metrics of readability and the average grade level.

Figure 2 shows which funds had the best average grade level for their documents.

The document with the best grade level was a QSuper privacy policy. Its grade level score was 10.6, which means the privacy policy may be easy to read for members who have completed year 10 at school.

The document with the highest grade level score was a Sunsuper conflict management policy. Its grade level score was 18.4. This document may be clear to members with a post-graduate tertiary education, but it is not easy to read for most people.

Figure 1: Readability and average grade level scores, retail and industry funds

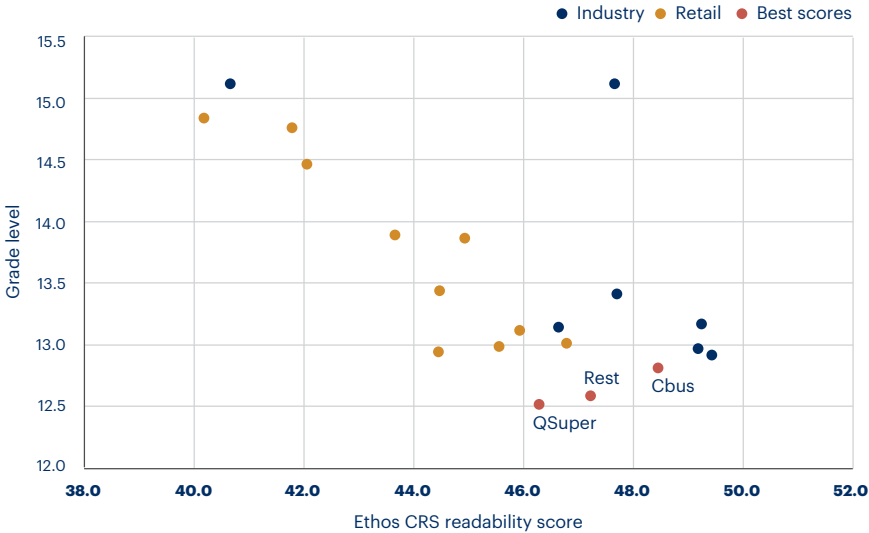


Figure 2: Best scores for average grade level industry funds



Sentence length

Average sentence length was 21.9 words per sentence across all 80 documents. This falls within the recommended range of 15 to 25 words.

Shorter sentences help make text more readable. Readability improves by keeping average sentence length to the recommended range.

Figure 3 shows the distribution of retail and industry funds using the average sentence-length metric.

Figure 4 shows which funds had the best scores for average sentence length in their documents.

The document with the lowest average sentence length was a Cbus financial services guide. It had an average of 17 words per sentence, which falls within the benchmark range.

The document with the highest average sentence length was a Sunsuper company policy document. Sentences had an average of 32 words, which is twice as long as the lower end of the recommended range.

Figure 3: Readability and average sentence-length scores, retail and industry funds

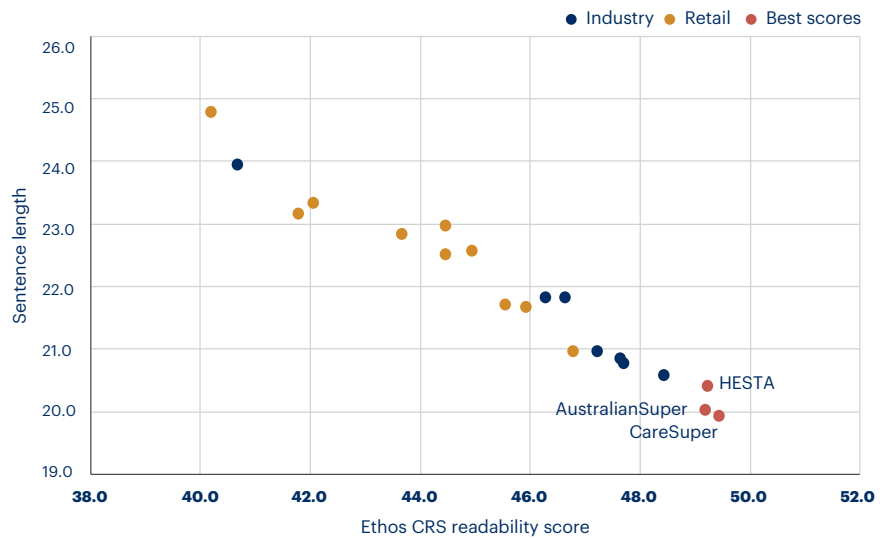


Figure 4: Best scores for average sentence length



Active voice

On average, in the documents we examined, 68 per cent of sentences were written in the active voice. This result falls well below our benchmark of 95 per cent.

Active sentences make text clearer and improve readability. The higher the percentage of sentences written in the active voice, the better the readability score.

Figure 5 shows that, in general, the use of the active voice was more frequent in documents produced by industry funds: 70.6 per cent of sentences in industry fund documents were active, compared to 65.4 per cent for retail funds.

Figure 6 shows which funds had the highest scores for use of active voice in their documents.

The document with the highest percentage of active voice sentences was an Aware Super company policy. The active voice score was 89.2 per cent.

The document with the lowest percentage of active voice was a Mercer company policy that scored 43.8 per cent.

Figure 5: Percentage of active voice use, retail and industry funds

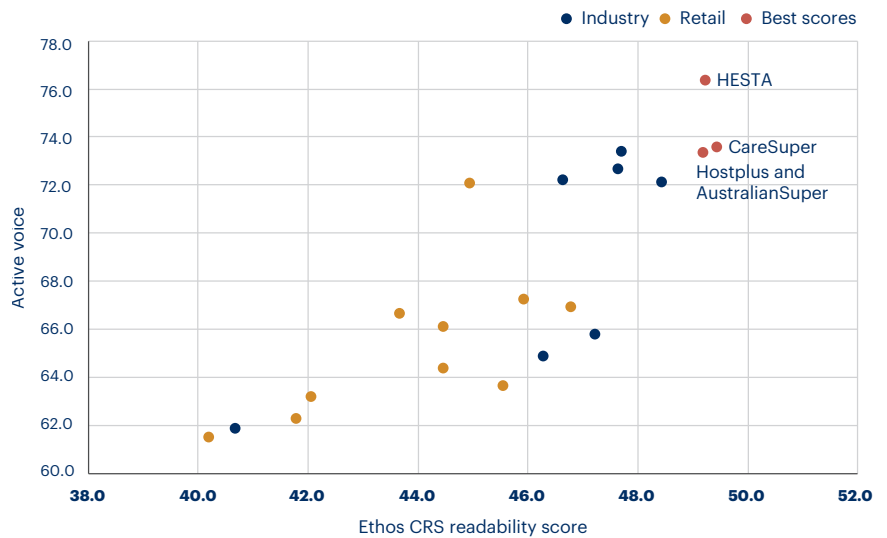


Figure 6: Highest scores for active voice



Retail versus industry scores

The average readability score for industry funds was higher and closer to the benchmark of 100 than the scores for retail funds (Figure 7).

Industry funds also outperformed retail super funds on each discrete metric score.

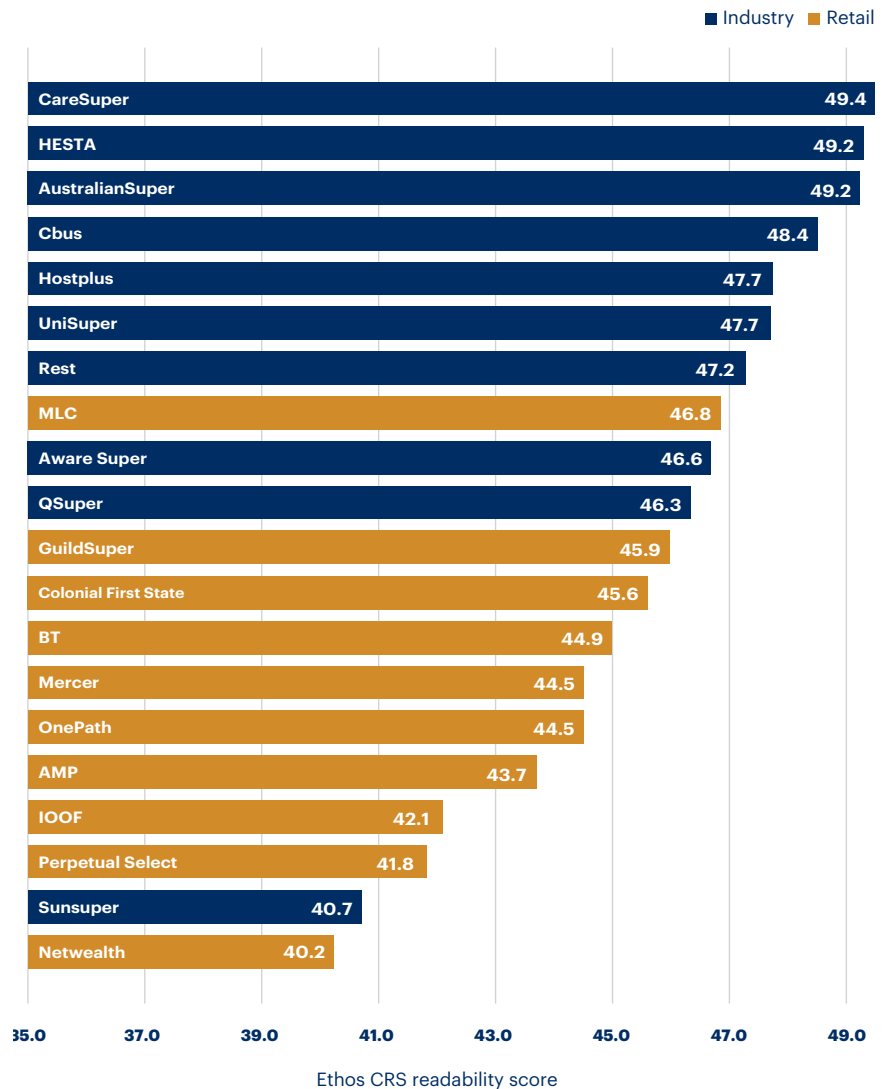
The average readability score of industry funds was 47.2, whereas for retail funds it was 44.0. The Ethos CRS benchmark is 100.

The average grade level was close to 13 for industry fund documents, whereas for retail funds it was closer to 14. The Ethos CRS benchmark is grade 7.

The average sentence length was 21 words for industry fund documents, whereas for retail funds it was 22 words. The Ethos CRS benchmark is 15 to 25 words.

The average use of active voice was 70.6 per cent for industry funds documents, whereas retail funds used active voice 65.4 per cent of the time. The Ethos CRS benchmark is 95 per cent.

Figure 7: Average readability scores, retail versus industry funds



DISCUSSION



In Australia, not all adults are proficient readers or are financially literate. This creates a communication challenge for super funds.

The communication challenge

Most Australians, when they think about it, want to retire and live comfortably in retirement. Members of super funds should be able to understand how their investment is managed, their options, rights and responsibilities.

Financial choices need to be well informed. Yet only around 50 per cent of adult Australians are financially literate, and only 35 per cent of Australians know the value of their super. More generally, less than 20 per cent of Australian adults have advanced reading or numeracy skills.

So the superannuation sector faces a challenge. As do vulnerable members who may experience systemic barriers that undermine their ability to make informed decisions about their financial future.

The challenge faced by vulnerable members when accessing or applying for insurance was addressed recently by the superannuation sector's peak bodies. Their guidance to support vulnerable members states that 'All content should be written in plain English to Australian grade 8 level ...' and that funds should use readability tools to assess content.

The Australian Treasury has also emphasised the need for super funds to communicate clearly. Simple changes can improve engagement, savings and choice allocation.

We concur.

If many Australians are not advanced readers or expert financial analysts, then one simple step for super funds is to produce clearer, more readable content.





Improving readability: a practical and necessary step

Two benefits flow from improving readability. The first is that members benefit.

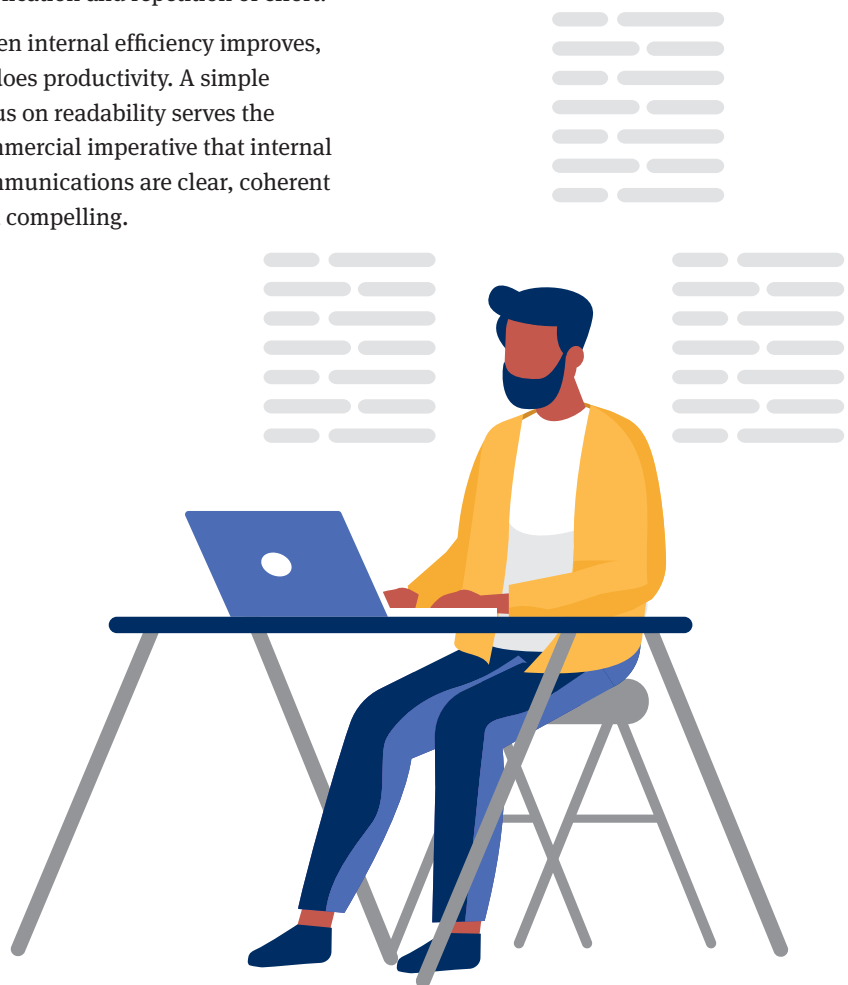
Members will gravitate to content that is easy to read. When members can engage with content because it is clear, systemic barriers are minimised and their confidence increases.

But members will turn away from content that is frustrating to use or alienating. Content that is difficult to read, uses too much jargon and is complex can deter members from accessing the financial information they need.

The second benefit of improved readability is enjoyed by super funds themselves. It comes from increased productivity, efficiency and effectiveness.

Readable documents imply a skilled workforce and a clear writing culture. By producing clear internal documents – like standard operating procedures, corporate policies, business cases, board papers and project plans – funds can improve the flow of information. This kind of efficiency also minimises the risks of delay and unethical behaviour: it enhances compliance, and reduces duplication and repetition of effort.

When internal efficiency improves, so does productivity. A simple focus on readability serves the commercial imperative that internal communications are clear, coherent and compelling.





Performance against readability benchmarks

Grade level

To gauge whether an adult audience can read with ease, the Web Accessibility Initiative sets a reading level standard. Reading level is called 'grade level' in our metrics and in other readability indexes.

The grade level benchmark is set for the reading ability of someone who has achieved a lower-secondary education level. The grade level benchmark is grade 7.

Ethos CRS generally recommends writing for a year 7 level reading ability or below. The Australian Government Style Manual reflects this standard in its advice on readability, based on the Web Content Accessibility Guidelines.

The top 20 funds averaged a grade level of 13.5 across the 80 documents we analysed. So, on average, documents cannot be read with ease.

The grade level finding tells us these super funds may not be communicating effectively with their members. Members may need a tertiary-level education to interpret content.

Super funds can communicate more clearly if they write to a lower-secondary education level.

Sentence length

Shorter sentences with one main idea are easier to read, while longer sentences cause confusion.

The Australian Government Style Manual recommends writing sentences that have an average of 15 words, but not more than 25 words.

Average sentence length was about 23 words in our analysis of the 80 documents, which falls within the recommended range.

Super funds are achieving the benchmark for average sentence length, on the whole. This average combines with other metrics to improve the overall readability score.

Active voice

Active voice is easier to understand because the sentence structure supports clear meaning. It also helps people know where responsibility rests.

Active voice formed the basis of 68 per cent of sentences across all 80 documents. Most documents in our analysis fell well below the benchmark.

If super funds adopt the active voice as their standard, they will make clearer the rights and responsibilities that members have.



The scores of retail and industry funds

Industry funds, in general, produced more readable documents. However, the documents of all funds could be more readable. Not one document came close to meeting the benchmark score of 100.

The most readable document, a product disclosure statement produced by Cbus, generated a score of 55.7. A financial disclosure statement by GuildSuper with a score of 52.0 was the most readable document produced by a retail fund.

RECOMMENDATIONS

One

Adopt the principles of plain language

Relevant peak bodies recognise and promote improved readability as a necessary step that will protect the interests of vulnerable consumers.

Two

Set universal readability standards

Superannuation funds should adopt specific, measurable, achievable and realistic standards to improve the readability of all content they produce and publish:

- » Set and write to a defined grade level.
- » Use the active voice.
- » Write sentences that are shorter than 25 words.

Simple changes to the way you write can really improve readability.



METHOD

Selection of documents

We selected documents produced by 10 retail funds and 10 industry funds. We selected the funds based on their Australian Prudential Regulation Authority ranking for the total number of assets and member accounts held by each company.

When selecting the 4 categories of documents for each company, we downloaded PDF files from company websites. The PDF format reflects a stable version of each communication product.

Scrubbing

We converted PDF documents into text-readable files for consistency. In this process, we removed all kinds of formatting, numerals, graphics, footnotes, indexes and tables to ensure that our platform, VT Writer, only analysed plain text.

We followed the simple definition of a sentence, as found in the *Australian concise Oxford dictionary*. We removed or deleted any text that did not meet this definition.

All scrubbed documents went through a rigorous 2-step monitoring process to ensure that the text remained true to its original form.

Certain industry-related terms and proper nouns (such as the name of the company) were white-listed on VT Writer so as not to confound results or inadvertently reduce scores. This step accords with accessibility guidelines for readable content and the Australian Government Style Manual.

Setting up the benchmarks

We set up benchmarks on VT Writer for each metric. Ideal scores reflect:

- » a grade level of 7 or less as recommended in the Australian Government Style Manual
- » sentences that are written in the active voice – 95 per cent or higher
- » average sentence length of 15 words as recommended in the Australian Government Style Manual.

We used these metrics to determine and rank scores against our benchmark of 100. A score of 100 meets our benchmark for clear, effective writing.

CAVEATS

The metrics used in the readability scorecard are a useful way to analyse and compare the quality of written communication, but they are a partial and incomplete guide.

The benchmarks only measure some of the factors that make up clear writing. The scores measure what is easily quantified: sentence length, grade level and active voice. The benchmarks don't take into account other elements that affect readability, like:

- » logical flow and coherence of text
- » complexity of ideas
- » structure
- » structural formatting elements such as line spacing, use of headings, images and other visual aids
- » the varying ways people read digital and print content.

Ethos CRS understands that the scorecard is not a statistical study and the results do not perfectly represent the characteristics of all documents produced by super funds.

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SCORES FOR TOP 20 SUPER FUNDS

Company	Readability score	Average sentence length	Active voice %	Grade level
CareSuper	49.4	19.9	73.6	12.9
HESTA	49.2	20.4	76.3	13.2
AustralianSuper	49.2	20.0	73.4	13.0
Cbus	48.4	20.6	72.1	12.8
Hostplus	47.7	20.8	73.4	13.4
UniSuper	47.7	20.9	72.7	13.3
Rest	47.2	21.0	65.8	12.6
MLC	46.8	21.0	66.9	13.0
Aware Super	46.6	21.8	72.2	13.2
QSuper	46.3	21.8	64.9	12.5
GuildSuper	45.9	21.7	67.2	13.1
Colonial First State	45.6	21.7	63.6	13.0
BT	44.9	22.6	72.1	13.9
Mercer	44.5	22.5	66.1	13.5
OnePath	44.5	23.0	64.4	13.0
AMP	43.7	22.8	66.7	13.9
IOOF	42.1	23.3	63.2	14.5
Perpetual Select	41.8	23.2	62.3	14.8
Sunsuper	40.7	23.9	61.9	15.1
Netwealth	40.2	24.8	61.5	14.9

ABOUT US

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Clear writing.
Effective teams.
Coherent policy.

Ethos CRS is Australia's leading firm for advice on clear writing and clear English for government and business.

Ethos CRS specialises in designing, developing and delivering training and professional development programs. These include virtual and face-to-face workshops, targeted coaching sessions, and modern and accessible eLearning modules.

Over 17 years, Ethos CRS has developed and delivered over 3,000 training programs to more than 90 public sector agencies.

In 2020 the new Australian Government Style Manual was released. In partnership with the Digital Transformation Agency, our expert team of writers and editors rewrote the style manual for the digital age. Like its predecessors over the past 50 years, the Style Manual is the definitive guide on Australian writing style.

To find out more about how we can improve writing skills in your organisation and about our other training programs contact:

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VisibleThread

VisibleThread is a language analysis platform. By using VisibleThread, government departments and agencies, and private sector corporations, set themselves up to efficiently produce consistent and clear content.

Unclear content undermines the message that organisations are seeking to communicate.

Readers become frustrated because they waste time clarifying points that should be clear in the first place. The risk then is that they lose interest and trust and that they disengage altogether.

VisibleThread's platform is being used by government agencies such as:

- » the Australian Taxation Office
- » the Civil Aviation Safety Authority
- » the Fair Work Ombudsman
- » Services Australia;
- » the departments of Education, Skills and Employment; Health; Home Affairs; Industry, Science, Energy and Resources; the Department of the Prime Minister and Cabinet; the NSW Department of Communities and Justice.

Lower costs and improve your bottom line

Greater clarity improves the bottom line. A VisibleThread financial services customer changed just 11 letters to their clients. As a result there were 19 per cent fewer help desk calls – or an annual saving of \$445,000. More importantly, clients didn't require further clarification. Their experience with the organisation remained intact and positive.

VisibleThread Language Analysis Platform VT Writer

For mission-critical business writing, VT Writer is part of the VisibleThread Language Analysis Platform. It improves the quality of business writing using tried and tested metrics.

Use VT Writer to analyse MS Word documents, PDFs and raw text for plain language and complex, jargon-laden copy.

VT Writer supports teams by allowing them to assess critical documents and text in one click.

- » Writers test and fix their own content for single tone of voice.
- » Editors instantly flag jargon and corporate-speak.
- » Managers analyse both offline and online content, letters, disclosure statements, directives and blog copy.
- » Subject-matter experts communicate their technical knowledge in easy-to-understand language.
- » Managers have visibility of teams' and individuals' performance, permitting continuous improvement in business writing across an agency.

To find out more, contact:

Brian O'Doherty
Regional Director

 **VisibleThread**

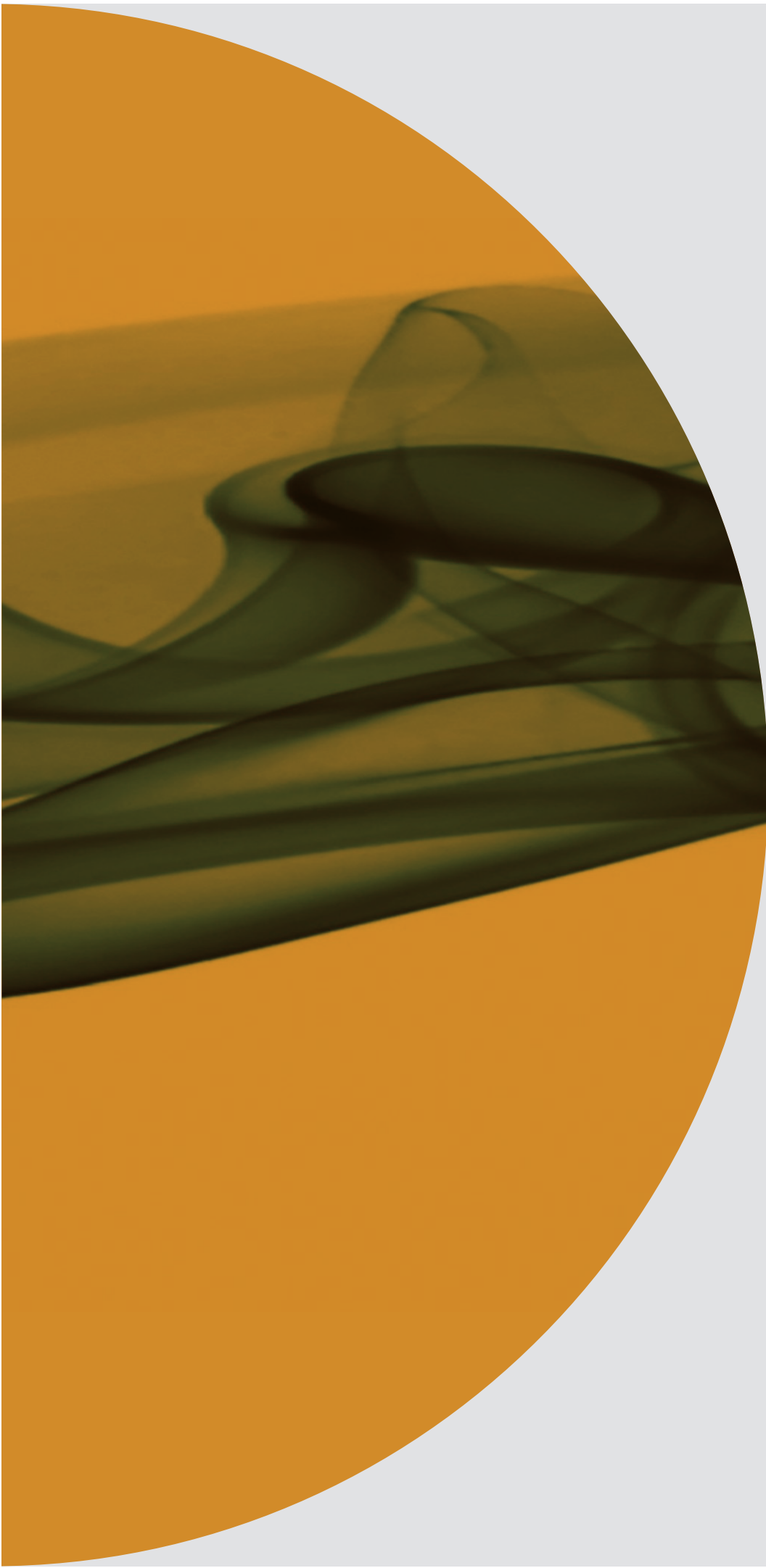
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Improving readability
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