



MEDIA RELEASE

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FSC WARNS ON MISUSE OF APRA HEATMAPS

The Financial Services Council (FSC) has cautioned that APRA’s MySuper Heatmaps released today should not be used to rank superannuation products.

FSC CEO Sally Loane said APRA has an important role to play in ensuring more transparency and competition in superannuation funds, and that consistently poor performers either start delivering for their members or exit the system. The FSC expects super funds will continue to constructively engage with APRA regarding the published outcomes.

“It is really important to understand that the heatmaps are a point in time analysis, which is a useful tool for APRA in its supervision activities, but it doesn’t tell the whole story when it comes to members’ retirement outcomes,” Ms Loane said.

“Particularly for lifecycle products, which adjust investment strategies over a person’s lifetime, the headline numbers in the heatmap don’t reflect the actual experience of a member in that fund, and could be misleading if viewed in isolation.”

Ms Loane urged super fund members to consider what they want from their super fund, and their retirement goals, rather than simply relying on any simplistic league tables that may be published by the media or other commentators.

“The heatmap may tell you that other funds have had higher returns over five years, but if you’re close to retirement you might be far more concerned with how your fund is managing the risks of a market downturn to safeguard your retirement savings. The heatmaps don’t reflect that.

“The heatmap doesn’t tell you how your super has performed over your lifetime, it can’t tell you whether your fund invests in accordance with your ethical and philosophical beliefs, and it doesn’t tell you what additional services they offer to help you manage your savings.

“If you have concerns about whether your super fund is right for you, talk to your fund or speak to a financial adviser,” Ms Loane said.

Ms Loane said that while the FSC hoped APRA would continue to refine its MySuper heatmap methodology, the proposal to extend the exercise to choice products was highly problematic.

“The broad variety of choice products in the market, the complexity and bespoke nature of platforms and wraps where individuals choose their investment strategies, and the lack of direct comparable data, makes it extremely difficult to translate heatmapping beyond MySuper and we urge APRA to not only be cautious in proceeding with this exercise but to engage deeply with industry.”

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About the Financial Services Council

The Financial Services Council (FSC) has over 100 members representing Australia's retail and wholesale funds management businesses, superannuation funds, life insurers, financial advisory networks and licensed trustee companies. The industry is responsible for investing almost \$3 trillion on behalf of more than 14.8 million Australians. The pool of funds under management is larger than Australia's GDP and the capitalisation of the Australian Securities Exchange and is the fourth largest pool of managed funds in the world. The FSC promotes best practice for the financial services industry by setting mandatory Standards for its members and providing Guidance Notes to assist in operational efficiency.