

MEDIA RELEASE

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Australians will get a boost in retirement savings under super reforms

Average working Australians would have thousands of dollars more in their retirement savings if bigger superannuation funds faced stronger competitive tensions, the Financial Services Council said today.

A new report released in the FSC's submission to the Senate Economics Inquiry into the Superannuation Legislation Amendment (Trustee Governance) Bill 2015 shows that increasing scale in super through mergers and raising competitive tensions would reduce fees.

Andrew Bragg, Acting CEO of the FSC said: "On a day of reform discussion in Canberra, the new report highlights there is still more work to do on superannuation fees."

"Twenty years after the introduction of super, we want to be saying that superannuation is meeting its purpose of providing most Australians with an adequate retirement and is reducing pressure on the public purse."

"Superannuation is good, but it could be better," Mr Bragg said.

The research by Rice Warner for the FSC demonstrates that larger super funds with a minimum fund size of \$5 billion would result in an average of 0.95% in fees – 0.15% less than the current average of 1.10%.

Mr Bragg said average industry fees could fall by as much as 0.25%, to 0.85% if the minimum size of a superannuation fund was \$20 billion.

Rice Warner calculated that the average 20 year old woman who is a member of a small, inefficient fund managing less than \$1 billion could be \$55 000 better off at retirement if their fund merged with a larger, more efficient fund.

"Fees have been reduced with the introduction of the new MySuper default funds, but Australians will be much better off in retirement with a more competitive superannuation system," Mr Bragg said.

"More reform is needed for super to meet its purpose. If we get the market structure right, super can alleviate increasing pension and aging costs through higher retirement savings," Mr Bragg said.

"The legislation to improve superannuation governance introduced to Parliament on 16 September is a step in the right direction," Mr Bragg said.

Editors' note: the [FSC / Rice Warner Superannuation Fees Report](http://bit.ly/1OHxAWm) has been produced since 1999. It is the industry benchmark fee report which has been cited by government agencies and committees such as the Financial System Inquiry. **Link to the Report:** <http://bit.ly/1OHxAWm>

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For further information contact: Robyn Tolhurst, Director of Communication T: 0411 177 773 E: rtolhurst@fsc.org.au

About the Financial Services Council

The Financial Services Council (FSC) has over 115 members representing Australia's retail and wholesale funds management businesses, superannuation funds, life insurers, financial advisory networks, licensed trustee companies and public trustees. The industry is responsible for investing more than \$2.6 trillion on behalf of 11.5 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 third largest pool of managed funds in the world. The Financial Services Council promotes best practice for the financial services industry by setting mandatory Standards for its members and providing Guidance Notes to assist in operational efficiency.