

MEDIA RELEASE

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FSC statement on superannuation transparency and competition reforms

The Financial Services Council said today that draft legislation on superannuation transparency and competition reforms released by the Assistant Treasurer will mean better retirement outcomes for Australians.

The legislation will allow more Australians to choose their own super fund and provide consumer disclosures on key features and fund holdings.

“Consumers will be better off in retirement if they are free to choose their own superannuation fund and are provided with transparent, comparable information to make informed choices,” Sally Loane, CEO of the FSC said.

“Superannuation will be the second largest asset that most Australians will have outside of the family home.”

“In a compulsory universal system which mandates that every working Australian saves 9.5 per cent of their salary in a fund that cannot be accessed until they retire, Australians deserve choice and the right to leave a poorly performing superannuation fund in favour of a highly performing fund. This is central to establishing a superannuation system that puts consumers first.”

“Some enterprise agreements specifically prevent employees from choosing their own superannuation fund and mandate their membership of an employer sanctioned fund.”

“Enterprise agreements are preventing an open and competitive superannuation system where both employers and employees can choose the super fund that best suits their needs,” Ms Loane said.

“We need a modern superannuation system which will deliver the best possible results for all Australians as we transition towards funding our own retirement and which reduces our unsustainable reliance on the age pension system.”

“Highly performing funds have nothing to fear from competition and giving consumers a right to exercise choice. Competitive markets foster choice, improve efficiency and drive innovation of new products,” she said.

In addition, exposure draft legislation was released which is designed to increase transparency in superannuation.

To enable informed consumer decision-making the Assistant Treasurer today announced that superannuation funds will be required to release more information including:

1. Product dashboards on the ten largest investment options offered by a superannuation fund, in addition to the MySuper product the fund offers, and
2. Disclosure of the portfolio holdings of the fund across each investment option.

Product dashboards require trustees to disclose the fees, net returns and risk profile of the investment option. It will enable consumers to make like for like comparisons.

Portfolio holdings disclosure requires trustees to publish a table of holdings of each investment option on their website. This will enable consumers to identify their investments as well as the value of each investment made under their particular investment option.

Ms Loane said: “These changes strike the right balance between increased information for consumers and reduced industry compliance costs. This is a good outcome for consumers and will increase transparency on a range of information associated with superannuation.”

“Informed consumer choices rely on clear information on how funds are performing, the fees they are charging, and where they are investing consumer's retirement savings.”

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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.