

16 April 2020

The Manager
Retirement Income Policy Division
The Treasury
Langton Crescent
PARKES ACT 2600

By email

Dear Sir/Madam

Improving flexibility of superannuation for older Australians

The Financial Services Council (**FSC**) welcomes the opportunity to provide comment on draft legislation to implement the commitment *Superannuation – improving flexibility for older Australians* announced in the 2019–20 Budget.

The FSC is a leading peak body which sets mandatory Standards and develops policy for more than 100 member companies in one of Australia’s largest industry sectors, financial services.

Our Full Members represent Australia’s retail and wholesale funds management businesses, superannuation funds, life insurers, financial advisory networks and licensed trustee companies. Our Supporting Members represent the professional services firms such as ICT, consulting, accounting, legal, recruitment, actuarial and research houses.

The financial services industry is responsible for investing \$3 trillion on behalf of more than 15.6 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.

FSC Comments

The FSC supports the measures contained in the draft legislation and regulations.

However, the rapid changes in financial markets, business operations and working locations caused by the COVID-19 pandemic mean FSC members have not had an opportunity to consider the draft legislation in sufficient detail to provide comments on the draft.

Currently, FSC members are focused on protecting the health and wellbeing of staff, continuing to maintain services in an extremely challenging operating environment, and delivering the best possible outcomes for our customers at this time. This includes diverting resources from all parts of their organisations to ensure that business as usual activities are prioritised and service levels maintained as far as possible.

As a result, the FSC has requested the Government and regulators defer work that is currently underway. This includes the flexibility measures that are the subject of this consultation.

While we support the changes and believe they will improve outcomes for older Australians, the FSC recommends the measures be deferred for 12 months to ensure legislation can be passed when Parliament resumes and superannuation funds have the capacity to implement and communicate the measures.

It would be helpful for the Government to confirm a new commencement date as soon as possible to ensure clarity for funds and their members. This will allow providers time to have project teams in place, make necessary system changes and process contributions. It will also allow advisers enough time to contact impacted clients and structure appropriate advice, as well as giving clients the time to make any relevant contributions.

If the measures are legislated shortly before the relevant effective date, or with a retrospective effective date, we request that superannuation funds be provided with disclosure relief – in particular, allowing multiple changes to PDSs to be combined into one change.

We also recommend that, in the first year of operation, these provisions be available to anyone up to age 68 to cater for individuals who may be disadvantaged by any deferral of these measures.

The FSC also recommends a further round of consultation be undertaken at a time when superannuation funds have sufficient resources to fully consider the drafting, and that Government consider whether further measures are required to assist older Australians who may have seen their retirement savings reduced by the market downturn, and need to rebuild their balances before they are able to retire.

We would be happy to discuss this request further. I may be contacted on mpotter@fsc.org.au or (02) 9299 3022.

Yours sincerely



Michael Potter
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