

MEDIA RELEASE

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SUPER REFORMS WILL SAVE CONSUMERS MONEY, BUT DESIGN FLAWS IN PERFORMANCE MEASUREMENT PERSIST

The *Your Future, Your Super* legislation introduced into Parliament today will implement a key Royal Commission recommendation that will save consumers up to \$1.8 billion in fees in the first three years of implementation, according to Financial Services Council (FSC) analysis.

FSC CEO Sally Loane said the recommendation, to ‘staple’ a customer to a single fund, which they take with them from job to job, will put an end to the scourge of multiple accounts and unnecessary fees in the superannuation system. This is a policy we have advocated for a very long time.

“The FSC also supports the objective of the broader package of reforms, which aims to weed out underperforming funds, empower consumers, and enhance the transparency of the super system for fund members,” Ms Loane said.

“FSC analysis on the benefits of stapling shows consumers will save up to \$1.8 billion in fees in the first three years after implementation. The super industry can only justify calls to increase the super guarantee to 12 per cent if the system becomes more efficient.

“The Your Future, Your Super reforms, however, are not without weaknesses and we do have some concerns about the design of the new benchmarking methodology.

“To be clear, the FSC supports weeding out underperforming funds. Duds need to go, we don’t care if they are run by a profit-making company or a trade union and employer group.

“However, we want to see some changes to the design of performance benchmarks. The custodians of our superannuation system are responsible for investing \$3 trillion in savings and small changes in trustee decision-making can have major ramifications for the allocation of capital in the Australian economy.

“The FSC is also concerned that while funds have been required to set CPI-linked investment return targets, and have measured themselves against these targets in Government mandated dashboards, they will now be retrospectively assessed against a new benchmark.

“While we will continue to work with Government in relation to the detail of the reforms, we commend their strong consumer-focused intent.” Ms Loane said.

The FSC’s submission to the Your Future Your Super draft legislation can be found here:
<https://fsc.org.au/resources/2130-fsc-submission-your-future-your-super-draft-legislation/file>

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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 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.