



MEDIA RELEASE

8 May 2026

CHANGES TO SUPERANNUATION PERFORMANCE TEST MUST PROMOTE CONSUMERS' BEST FINANCIAL INTERESTS

The Financial Services Council (FSC) supports the options for refinement of the superannuation performance test released for consultation by the Government today that constitute targeted changes, but cautions against fundamental changes that would weaken consumer outcomes, and against expanding the test to products where the result would be inherently inaccurate and misleading for consumers.

The performance test has strengthened accountability across the superannuation system by identifying persistently underperforming MySuper and 'trustee-directed' products and placing downward pressure on fees. This has been particularly important for MySuper products where products are more readily comparable, and consumer engagement is low.

FSC CEO Blake Briggs said: "A CPI + X benchmark for a limited portion of portfolios would provide funds with greater flexibility to invest in alternative assets that align with Australia's national priorities, with the continued safeguard of the best financial interests duty.

"The FSC is concerned that a simple reference portfolio approach could water down the test if it reduces accountability for superannuation funds. Any reform must preserve the integrity of the test and maintain pressure on funds to deliver for consumers."

The FSC also supports retaining the current approach to calculating fees within the performance test and welcomes that moving to a historical fee approach is not under consideration in this paper.

"The existing fees component has incentivised funds to materially decrease their fees and maintain forward looking fee discipline, having a positive impact on Australians' retirement balances. Moving to a historical fee approach would erode the test through higher fees for consumers, as many funds would be given additional headroom to raise their fees."

The FSC cautions against the Government’s proposal to expand coverage of the test to include externally directed products and retirement products, which are more varied and tailored to individual consumer needs.

Mr Briggs said: “The FSC is extremely cautious about proposals for expanding the test into more complex products, where test outcomes may become harder to interpret and potentially even confusing for consumers, and are less meaningful from a consumer protection standpoint.

“Applying an investment performance and fees test to externally directed products, where consumers make decisions with professional advice, and to retirement products, where outcomes depend on individual retirement circumstances and needs, is not comparable to how the test is used for MySuper products.

“In the MySuper space, members are typically less engaged and still in the accumulation phase, making an investment performance and fees measure more appropriate.”

The FSC also urges the Government to fix the perverse outcomes created by applying the test to trustee-directed products on platforms.

Mr Briggs said: “Product modernisation is a practical reform that would help improve consumers’ superannuation performance by helping consumers move out of closed legacy products and into more efficient, better-performing options, without being blocked by significant tax consequences.”

The FSC will continue to engage constructively with the Government on the consultation.

- ENDS –

Media Contact: Bronwyn Allan - 0421 506 231 - ballan@fsc.org.au

About the Financial Services Council

The FSC is a peak body which sets mandatory Standards and develops policy for more than 130 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, and financial advice licensees. 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 more than \$4 trillion on behalf of over 16.9 million Australians. The pool of funds under management is larger than Australia’s GDP and the capitalisation of the Australian Securities Exchange and is one of the largest pools of managed funds in the world.