



Budget 2016



Superannuation Reform:

Improving governance and transparency

The Government is strengthening the governance, transparency, competition and efficiency of the superannuation system through a wide range of existing initiatives. These reforms will improve performance and confidence in the system, encouraging increased saving for retirement.

The issue

The Financial System Inquiry (FSI) noted that there is a lack of consumer driven competition in superannuation. It is estimated that around two-thirds of employees play no active role in selecting their superannuation fund. For many, choice of fund is limited by law.

Nearly half of superannuation fund members have more than one account and nearly 20 per cent have three or more accounts. This can result in duplication of fees for fund members, reducing retirement incomes.

Many superannuation fund members don't know the fees they pay and don't know the return their fund makes.

The details

The Government has begun to introduce a broad set of initiatives to improve efficiency, enhance transparency and increase competition in superannuation. These initiatives will help empower consumers, improve after-fee returns, grow superannuation balances and improve retirement incomes.

Initiatives to enhance **transparency** include:

- providing a new choice product dashboard to allow consumers to compare superannuation products more easily;
- requiring superannuation funds to disclose where funds are being invested; and
- allowing superannuation funds to provide retirement income projections on member statements where the superannuation fund determines this to be practical and cost effective.

We are also improving efficiency in various ways.

- Australians can use myGov to find and consolidate their superannuation accounts easily. In 2014-15, around 200,000 people consolidated approximately 440,000 superannuation accounts holding just under \$2 billion.
- SuperMatch2 is automating and streamlining existing processes between funds and the Australian Taxation Office (ATO) to facilitate reunification and consolidation of accounts.

- Pre-filled superannuation choice forms on myGov will enable Australians to retain the same superannuation account easily when they change jobs.
- The Government is removing impediments to Eligible Rollover Funds proactively reuniting amounts they hold with active superannuation accounts.
- Legislation requiring a minimum of one-third independent directors, including an independent chair, on superannuation trustee boards is expected to lead to more efficient decision making for the benefit of members.

Government initiatives are helping to boost competition.

- Legislation to extend choice of fund, will allow up to 800,000 more employees to choose where their employer's superannuation guarantee contributions are paid, which will increase competition and reduce the need for multiple accounts.
- The Productivity Commission review of competition and efficiency of the superannuation system will explore concerns about the lack of consumer-driven competition in superannuation.

The Government recognises that more can be done for those who do not choose their superannuation fund. The Government plans to improve the quality and integrity of MySuper products, helping to provide better default products.