

SUPERANNUATION

SUPERANNUATION REFORM

The Government has announced that it will provide \$159.6 million over four years to implement reforms to superannuation in order to improve outcomes for members, including by:

1. ensuring that superannuation follows employees when they change jobs;
2. the development of an online, interactive comparison tool ('YourSuper') to help employees decide which superannuation product best meets their needs;
3. holding funds to account for underperformance through the introduction of an annual performance test for MySuper products;
4. ensuring superannuation trustees are more accountable and transparent as to how they are managing the retirement savings of their members.

The proposed start date is 1 July 2021.

1. STAPLED ACCOUNTS

The proposal is for an existing superannuation account to be "stapled" to a member to avoid the creation of a new account when that person changes their employment.

Under this proposal, if a new employee does not provide superannuation details on commencement, the employer will be able to obtain existing fund details from the ATO, rather than create a new account in their default fund.

If the employee is new to the workforce and doesn't have an existing fund, and doesn't make a fund decision, only then will the employer create an account in their default fund.

In future system updates, expected to commence from 1 July 2022, the ATO will provide employers with the option to have employees super details prefilled into their payroll software by the ATO.

2. YOURSUPER

A new, interactive, online comparison tool to help members decide which super product best meets their needs by providing

- a table of MySuper products ranked by fees and investment returns;
- links to superannuation product websites;

- a list of the individual's current funds and allow consolidation of these accounts.

3. MYSUPER BENCHMARKING

APRA will conduct annual net investment performance tests on MySuper accounts with members of underperforming funds to be advised of the result.

Where a fund is deemed to have underperformed for two consecutive years, new members will be prohibited until performance has improved.

This benchmarking is to be extended to other superannuation products from 1 July 2022. It is unclear whether this measure will extend to SMSFs.

4. TRUSTEE ACCOUNTABILITY

Trustee's will be required to act in the best 'financial' interest of members, will need to demonstrate that decisions made meet this requirement and provide information to members before an Annual Members' Meeting.