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### A new era of consumer protection in super: AIST welcomes super reforms

Today's release of Stronger Super reforms represents a new era of consumer protection in super, **the Australian Institute of Superannuation Trustees (AIST)** said today.

**AIST CEO Fiona Reynolds** said the new reforms would ensure that members of default superannuation funds would have their super invested in a fund that was commission-free, transparent, and easily comparable.

Ms Reynolds said it was important to understand that a core element of the reforms - the launch of MySuper - was not about 'dumbing-down' super.

"At last we have a timetable to rid commissions from default super funds. For many Australians super will become more cost-effective, more comparable and easier to understand."

Ms Reynolds predicted that as many as four out of five working Australians would end up in a MySuper product, though unfortunately for some members of 'for-profit' funds this might not be until 2017, the date on which commissions are banned from MySuper.

On other key Stronger Super reforms, Ms Reynolds welcomed new measures to address Australia's \$19 billion 'lost super' problem which will help people with multiple accounts move their super into one account.

However she warned that the proposals should be not be limited to small account balances and the Government's proposed \$10,000 cap by 2014 should be removed.

"If auto-consolidation is to have a real impact on the \$19 billion lost super problem, it needs to be applied to all inactive accounts, irrespective of balance size".

Under the proposals, automatic consolidation would begin with two-year inactive accounts with balances under \$1000, moving to balances of at least \$10,000 within the first year, subject to further review. The proposals will also include a new process for new employees to consolidate their own accounts when they start a new job.

"We know that people change jobs, on average, every seven years, so providing them with a method to consolidate their accounts and avoid paying unnecessary fees at this point is a sensible move."

Ms Reynolds also welcomed the Government's timetable for the implementation of electronic payment systems throughout superannuation, including employer transactions to super funds.

"Currently, the super industry is the largest user of paper cheques in the country and it will stay that way until we see a lot more businesses –small and large – adopt electronic payments in super transactions. At the end of the day, this will save billions of dollars."

However, she noted that the proposed date of July 2015 for use of electronic payments by small businesses was still subject to consultation.

“Given most Australians work for smaller employers, we will continue to participate in consultation and push for the roll-out of these standards to all employers,” Ms Reynolds said.

Ms Reynolds also noted that the flexible pricing regime for MySuper would need to be closely monitored to ensure that there are safeguards to protect consumers from being transferred or flipped to more expensive products without their knowledge or consent.

AIST will be consulting further with its member funds, the government and other industry stakeholders over the finer detail of the reforms with several tranches of draft legislation to be released over the next few months.

### **MySuper in a nutshell**

- Available from 1 July 2013 but funds have until 1 July 2017 to transition
- Value-for-money and low fees
- Commission-free
- Easy to compare performance between products
- High consumer protection

### **Further enquiries**

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***AIST is the peak industry body for the \$450 billion not-for-profit super sector which includes industry, corporate and public sector funds covering the super interests of nearly two-thirds of the Australian workforce.***