

Thursday, 3 June 2021

Your Future Your Super legislation passes the House with direct member harm unaddressed

The Australian Institute of Superannuation Trustees (AIST) says Australians are now relying on members of the Senate to protect their super savings against flawed measures in the Your Future Your Super Legislation that threaten the retirement outcomes of millions of Australian workers.

With the draft legislation heading to the Senate after it was passed in the Lower House with a Government amendment, AIST remains deeply concerned that vulnerable Australians will be stapled to underperforming and untested super products if the legislation gets the green light.

AIST CEO Eva Scheerlinck welcomed the Government's amendment to remove a provision in the bill to provide governments with the power to ban super fund investments, noting AIST and others had strongly argued this measure was flawed and an unprecedented overreach. However, Ms Scheerlinck warned that removing this provision did nothing to address other flawed measures in the bill that would deliver immediate and direct consumer harm.

A key concern of AIST's is that there is no requirement either in the legislation or regulations for all super products to be tested or for a fund to have passed the test before a member can be stapled to it. The legislation and draft regulations carve out "Choice" funds, containing more than \$500 billion in assets from performance testing.

"The amendments to the bill don't change the fact that this piece of legislation contains fatal flaws that will result in significant unintended member detriment," Ms Scheerlinck said. "This bill excludes more than one third of super savings from scrutiny and disclosure, and does not prevent members from being stapled to funds that have not been tested or have failed the test."

While AIST supports the intent of the Bill to improve super fund performance and reduce multiple accounts, it is crucial underperformance is addressed across all super products before any stapling begins, as recommended by the Productivity Commission.

Ms Scheerlinck said addressing underperformance is only one of many changes that will now need to be made in the Senate to ensure members are not left worse off by this legislation.

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AIST is the peak body for the \$1.5 trillion profit-to-member superannuation sector which includes industry, corporate and public sector funds

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