

ASFA Policy Visions



	Enhanced Retirement Outcomes	Informed and Engaged Members	Industry Efficiency Gains	Effective Governance and Regulation
Vision	<p>Australians should have dignity in retirement.</p> <p>All working Australians including carers and those with disabilities should have compulsory superannuation.</p> <p>Tax advantages for retirement income system including access to the Age Pension must be equitable across all income bands.</p>	<p>Australians should be encouraged to take an active interest in planning for their retirement</p> <p>Members should have access to transparent information in order to understand their superannuation.</p>	<p>In order to deliver value to superannuation fund members, roadblocks to industry efficiency should be removed.</p>	<p>Governance of the superannuation industry and governance of superannuation funds should be effective and efficient.</p>
Vision Drivers	<p>The Age Pension is both a safety net and an integral pillar for meeting adequacy.</p> <p>National Retirement Income goal = ASFA/Westpac Modest Retirement Standard or 70 percent after tax income.</p> <p>Retirees should be able to protect themselves from investment and longevity risk.</p> <p>Universal coverage for all workers including carers, people with disabilities and those on parenting leave provides the most enabling and equitable outcomes.</p> <p>There should be a tax incentive to encourage voluntary contributions to compensate for preservation.</p>	<p>Super funds should deliver information that is relevant to the member, in the form the member wants it, when they want it, in language they understand.</p> <p>Super funds should be able to deliver information and advice in a variety of ways to meet the desires and needs of fund members.</p> <p>Fund members should be able to compare super funds on a like-with-like basis.</p>	<p>The superannuation industry should be able to transact electronically.</p> <p>Super funds should be able to measure their efficiency, and to identify the factors that impact their efficiency, so that improvements can be made. This will also allow the improvement to be measured.</p>	<p>Good governance requires regulatory stability.</p> <p>Regulation of superannuation fund governance should follow a principles based approach, rather than a prescriptive approach.</p> <p>In order for governance of super funds to be effective:</p> <ol style="list-style-type: none"> 1. a strong framework needs to be in place (including removal of any impediments to effective governance); 2. trustees need to have the skills and competencies to discharge their fiduciary duty; and 3. the Regulator must be able to properly supervise the system.
Target outcomes	<ul style="list-style-type: none"> • An Australian earning average income (AWOTE) should retire on 70 percent of that income (including Age Pension and super) with the Westpac/ASFA 'modest' retirement standard as a minimum. • Mandated superannuation should be 12 percent. • The self employed should be covered by the compulsory super regime. • Those on leave from work should be able to receive SG Contributions. • Remove legal impediments that prevent trustees from offering seamless retirement defaults. • Australians should be incentivised to buy an income stream in retirement and to insure or protect themselves against longevity risk. • Suitable retirement product options should be available at a reasonable price to allow retirees to protect themselves from investment and/or longevity risk in retirement, if they so desire. Roadblocks to product development should be removed. • Tax incentives and caps must be structured so that underfunded individuals can catch up on their superannuation funding without tax penalty. 	<ul style="list-style-type: none"> • There should be a seamless regulatory structure between education, advice and disclosure to reflect the way that members engage with super. • Members should be able to access effective and affordable financial advice when they want it. • Disclosure should be succinct and easy for members to understand. • Financial advice should be tax deductible. • Annual statements should be able to be delivered electronically, and must include standard assumptions. • "Retirement Income Estimate" of projected indicative annual income from super and from the Age Pension. • When describing investment options for superannuation (and other investments), for clarity there should be standard terminology and definitions for asset types and portfolios to allow like-with-like comparisons. For example, a "Balanced Fund" should be defined. • Members should have a single comparable measure for the return, risk and fee measure for an investment option. • When comparing super funds, members should have a transparent, comparable measure of the total fee of their superannuation fund. 	<ul style="list-style-type: none"> • All superannuation transactions must be completely electronic by 2020. • It should be compulsory for employers to deliver superannuation contributions and related information electronically to super funds. • Employers need incentives or compulsion to deliver superannuation contributions and related information electronically to super funds. • Employers of any size must be able to make contributions for all their employees to all their super funds electronically via a single method. • Contributions should be pre-verified such that the number of rejected transactions is greatly reduced. • A reduction in the number of unwanted multiple accounts and lost accounts. In order to achieve this data quality must be improved and this requires the following: <ul style="list-style-type: none"> o TFNs must be able to be used as the primary identifier; and o Super funds must be able to use the TFN to search a central data base with up-to-date member information. • Rollovers between funds are able to be performed by the member quickly and securely. • Rationalisation of legacy products. 	<ul style="list-style-type: none"> • Government should clearly articulate a long-term goal for the superannuation system, and any changes should be towards this goal and not be made in a piecemeal fashion. • The regulatory framework and supervision system for Self Managed Super Funds needs to be tightened to include: <ul style="list-style-type: none"> o A more thorough registration process o Naming convention o Separate bank account for each SMSF o Public disclosure of offending funds. • Trustees should be accountable and transparent in their behaviour. Trustees must have clear policies on: <ul style="list-style-type: none"> o Minimum competency standards o Trustee composition, selection, removal, tenure and succession planning o Independent directors o Clear conflict of interest rules. • Trustees should continue to have the freedom to select their fund's investment strategy and underlying investments, and there should not be regulatory direction or prescription in relation to investment matters. • Regulation should recognise the different duties that trustees have for different groups of members for example, pre-retirement vs retirees, or members who exercise choice vs members in the default investment. • Licensing of Accountants.