

ASFA Policy Priorities 2025





Delivering dignity in retirement

The Association of Superannuation Funds of Australia (ASFA) is the voice of superannuation.

Operating since 1962, we represent over 100 organisations, including corporate, industry, retail, and public sector funds, as well as critical service providers. ASFA unites the superannuation community, supporting our members with research, advocacy, education and collaboration to help Australians enjoy a dignified retirement. We promote effective practice and advocate for efficiency, sustainability and trust in our world-class retirement income system.

The superannuation sector's 2025 policy agenda calls for targeted reforms that protect and build upon the strengths of Australia's superannuation system. This includes maintaining the elements that make our system work: preservation settings, improving equity outcomes, and ensuring the system remains a pillar of national economic stability. Superannuation must continue to deliver strong retirement outcomes for individuals while also playing a critical role in funding infrastructure, housing, and business investment

The Association of Superannuation Funds of Australia Limited (ASFA)

PO Box 1485, Sydney NSW 2001

T +61 2 9264 9300 or 1800 812 798 (outside Sydney)

ABN 29 002 786 290

ACN 002 786 290

Background

Australia's superannuation system has evolved into one of the largest and most successful retirement savings schemes in the world. What was once a benefit available only to select employees is now a near-universal entitlement.

Today it's the world's fourth largest retirement savings pool, providing millions of Australians with financial security in retirement. With total superannuation assets reaching \$4.2 trillion as of December 2024, (equivalent to approximately 145% of GDP) covering 17 million Australians, the system is an essential part of Australia's financial landscape. Its continued growth will reinforce Australia's economic resilience and ensure that more Australians will have the opportunity to retire with dignity.

The compulsory superannuation system is delivering considerable benefits for Australians. Rising balances at retirement mean that more Australians are financially independent later in life, leading to higher retirement outcomes and producing substantial savings on expenditure on the Age Pension and government. In 2024 APRA regulated funds provided 1,270,000 retirement accounts and 61,000 transition to retirement accounts for retirees, and these numbers will grow substantially in the future. As a result, along with improved retirement incomes government spending on the Age Pension is projected to decline to 2.1% of GDP by 2060, in contrast to other OECD countries where pension costs are rising significantly. This makes Australia's retirement income system one of the most financially sustainable in the world.

Superannuation also serves as a vital source of investment capital. Superannuation funds allocate billions of dollars to infrastructure, housing, and new industries, supporting long-term economic productivity and financial market stability. The system plays a stabilising role during periods of market volatility, with superannuation funds acting as an important counter-cyclical force that provides liquidity and confidence to financial markets.

Despite these strengths, challenges remain. Inequities in superannuation balances persist, with women, First Nations Australians, and low-income earners retiring with significantly less savings than many of their counterparts. Changing workforce patterns, increasing longevity, and evolving retiree needs require ongoing policy adjustments to ensure the system remains fit for purpose. A long-term vision is needed to protect and enhance the superannuation system so that it continues to provide secure retirements for all Australians.

For all Australians, entering retirement is one of the biggest decisions in life and it is incumbent upon the sector, government, and community representatives to work together on measures to improve independence and choice in retirement, so that more people can retire the way they want. Whether it is through removing barriers and improving the provision of affordable and accessible financial advice, or enhancing the information available to people as they prepare for and enter retirement, all steps that can be taken to help Australians make informed choices should be taken. In short, the superannuation system is working extraordinarily well for millions of Australians.

The proposals in this document seek to reinforce and expand the strengths and positive outcomes of Australia’s superannuation system.

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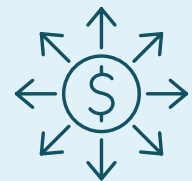
**Strengthening
fairness in
retirement**



**Enhancing
universality**



**Protecting super for
all Australians**



**Improving
retirement
outcomes
through quality
advice**



**Reinforcing
consumer choice**



**Investment in
national priorities**



**A stable and efficient
superannuation
system**

The role of superannuation in Australia's economic future

Superannuation is more than just a retirement savings system; it is a fundamental pillar of Australia's economic strength. With more than \$40 billion in new capital deployed each quarter, superannuation plays a key role in financing national priorities, including infrastructure, housing, and the energy transition. This long-term investment focus supports economic growth, improves productivity, and reduces Australia's reliance on foreign capital.

The role of superannuation in increasing national savings cannot be overstated. The system has contributed to a higher national savings rate, which in turn has allowed for greater domestic investment and a narrower current account deficit. This ensures that Australia can fund more of its economic development from within, reducing exposure to external financial shocks.

Superannuation also enhances financial market stability. During times of economic uncertainty, super funds provide a consistent flow of investment, stabilising markets and ensuring long-term resilience. The Global Financial Crisis demonstrated the importance of superannuation as a stabilising force, as funds continued to invest in Australian businesses and infrastructure when other sources of capital became constrained.

As Australia faces demographic and economic challenges, a strong and stable superannuation system is more important than ever. The proportion of Australians of working age is declining, while the number of retirees is increasing. Ensuring that superannuation continues to provide for Australians in retirement is critical to managing these demographic shifts. A well-functioning superannuation system will not only deliver secure and dignified retirements but also ease pressure on government finances, support economic growth, and contribute to national prosperity.

A CALL FOR POLICY STABILITY

Superannuation is a long-term investment in delivering dignity in retirement for millions of Australians. That requires certainty and stability in policy settings. A stable and predictable policy environment ensures that superannuation funds can continue to deliver strong investment returns for members.

By committing to a strong, equitable fair, and sustainable superannuation system, an incoming government can ensure that future generations of Australians enjoy dignity in retirement while reinforcing Australia's economic resilience

Policy priorities

Australia's retirement income system is built on three interdependent pillars:



Superannuation
the primary
universal pillar for
working Australians.



The Age Pension
providing a critical
safety net for those
in need.



Voluntary Savings
offering flexibility
for individuals.

While superannuation is now the dominant retirement income pillar, a coordinated national approach is needed to ensure these three pillars work together effectively. The absence of a structured framework results in fragmented policy development, limiting the system's ability to provide secure, equitable, and sustainable retirement incomes.

Adopting a coordinated approach would help ensure better coordination between superannuation, the Age Pension, and voluntary savings. It would also help to deliver a long-term policy roadmap, supporting improved outcomes for retirees while maintaining the financial sustainability of the system.

- **A coordinated approach that integrates the three pillars of retirement income.** Superannuation, the Age Pension, and voluntary savings must be aligned within a clear and consistent policy framework.
- **Stronger integration with social and economic policies.** Greater alignment between retirement income settings and key areas such as housing, aged care, and workforce participation should be pursued.
- **A focus on sustainability and intergenerational fairness.** Ensuring the system remains financially viable in the face of demographic shifts, while also addressing intergenerational equity concerns should be a priority.
- **Regular review and assessment.** The government should implement periodic reviews to assess the effectiveness of retirement income policies and ensure they remain responsive to economic and demographic changes.
- **Greater public awareness and engagement.** Government should consider initiatives to improve Australians' understanding of their retirement options, including financial literacy programs and accessible planning resources.



Strengthening fairness in retirement

Superannuation should work for all Australians, yet certain groups face systemic barriers that lead to lower retirement savings. Women, First Nations Australians, culturally and linguistically diverse (CALD) workers, and those in low-income or part-time employment often retire with significantly less super than their counterparts. Structural inequities such as career breaks, caregiving responsibilities, and wage gaps further widen this divide. Addressing these disparities is critical to ensuring superannuation remains a universal and equitable system that supports all Australians in achieving financial security in retirement.



ASFA calls for:

- Expanding the Low-Income Superannuation Tax Offset (LISTO):** An incoming government should raise both the upper income threshold and the maximum amount payable under LISTO to ensure low-income earners do not face a tax disincentive on their super contributions. This reform is essential to addressing inequities in superannuation accumulation, particularly for part-time and casual workers, many of whom are women, culturally and linguistically diverse workers, and First Nations Australians. Further government income tax cuts reinforce the urgency of this reform. Without changes to LISTO, these tax cuts would inadvertently lead to over one million low-income workers having the current small tax advantage for their superannuation contributions even further reduced.
- Closing the gender super gap:** An incoming government should implement targeted policy measures to address the gender superannuation gap, recognising that women retire with significantly less super than men due to career breaks, part-time work, and the gender pay gap. Strengthening superannuation settings for women will help ensure greater financial security in retirement.
- Reducing tax on hardship superannuation withdrawals:** An incoming government should reduce the tax charged on superannuation withdrawals made under compassionate and hardship grounds. This reform would provide critical financial relief to those in genuine need while ensuring that superannuation remains preserved as a long-term retirement savings vehicle.
- Ensuring fair superannuation taxation for Pacific Island workers:** An incoming government should reduce the tax on superannuation payments for Pacific Island workers under the PALM scheme who temporarily work in Australia and make it easier for such workers to claim their superannuation.

This reform would promote greater equity in retirement savings, ensuring these temporary workers are not disproportionately taxed on their superannuation when they return home.

- **Improving superannuation outcomes for First Nations Australians:** An incoming government should implement targeted measures to ensure better retirement outcomes for First Nations individuals. This includes improving access to superannuation, making it easier to engage with superannuation funds, enhancing financial literacy initiatives, and addressing structural barriers that impact long-term savings and retirement security.





Enhancing universality

For more than 30 years, superannuation has been a fundamental right for all working Australians, ensuring that retirement savings begin accumulating from the earliest stages of employment. However, gaps in the system, such as the exclusion of under-18s working part-time, super going unpaid in insolvencies, and tax settings that disproportionately impact lower-income earners and undermine fairness. Universal coverage and stronger enforcement mechanisms are essential to maintaining confidence in the superannuation system, ensuring that all workers receive their full entitlements, and preventing avoidable losses that disproportionately impact vulnerable workers.



ASFA recommends:

- **Implementation of Payday Super without delay:** An incoming government should ensure the timely implementation of Payday Super, requiring superannuation contributions to be paid at the same time as wages from 1 July 2026. This reform will strengthen compliance, reduce unpaid superannuation, and ensure workers receive their entitlements in full, helping to maximise their retirement savings over time.
- **Super for all workers under 18:** An incoming government should ensure all workers under 18 receive SG contributions by removing the under 30-hour per week restriction on payment. This reform would provide approximately 200,000 young Australians with an early start to superannuation savings, strengthening their long-term financial security and reinforcing the principle that superannuation is a universal workplace entitlement.
- **Strengthening enforcement of Superannuation Guarantee (SG) compliance:** An incoming government should provide additional funding to the Australian Taxation Office (ATO) to enhance compliance efforts and recover unpaid SG from employers. With nearly \$5 billion in unpaid superannuation annually, stronger enforcement measures are essential to ensuring workers receive their full entitlements and preventing super theft that undermines retirement savings.
- **Protecting superannuation entitlements in business insolvencies:** An incoming government should include Superannuation Guarantee (SG) payments in the Fair Entitlements Guarantee (FEG) to ensure workers do not lose their superannuation contributions when their employer becomes insolvent. Superannuation is an essential part of employee remuneration, and this reform would provide greater financial security for employees impacted by business failures.

- **Enabling contributions to pension accounts:** An incoming government should introduce greater flexibility for retirees to make contributions to their pension accounts. This reform would allow retirees to better manage their retirement savings, optimise their income streams, and improve financial security throughout retirement.
- **Ensuring fairness in superannuation tax concessions:** An incoming government should commit to maintaining the sustainability of the superannuation system by ensuring tax concessions are distributed fairly. This includes supporting Division 296 measures while ring-fencing and enhancing the Low-Income Superannuation Tax Offset (LISTO) to protect low-income earners. These reforms present an opportunity to enhance fairness in the system while preserving long-term retirement savings.
- **Ban on the use of adverse genetic testing results in life insurance:** An incoming government should ensure that legislation is introduced to the Parliament to ban the practice without delay.





Protecting super for Australians

Superannuation is designed to provide Australians with financial security in retirement, yet premature access, financial crime, and exploitation threaten its intended purpose. While scams are exceedingly rare in the APRA-regulated superannuation sector, action is needed to minimise future the future risks of scams, fraud, and financial abuse. ASFA is committed to preserving superannuation for its intended purpose – retirement, while ensuring that appropriate protections exist to safeguard members, particularly vulnerable individuals, from financial abuse and misconduct.



To strengthen protections, ASFA advocates for:

- **Preventing early withdrawals for property purchases:** An incoming government must ensure that superannuation is not used as a short-term measure in response to the housing shortage. Evidence shows that allowing withdrawals for home deposits would drive up property prices while reducing future retirement savings. The proposal would offer limited benefit. Of the 5.3 million eligible first home buyers, over 5 million would not be able to make full use of the policy. Those who would be predominantly higher-income earners who would already have the capacity to purchase property. Experts across the housing sector agree that the real issue to resolve is supply. Demand-side measures like this would further drive-up prices, pushing home ownership even further out of reach. Early release schemes can also significantly erode long-term savings, lead to financial insecurity in retirement and also increase future reliance on the Age Pension – placing greater pressure on government budgets over future decades.
- **Strengthening protections against financial abuse:** Superannuation is often the only financial asset an individual holds in their own name, making it a critical safeguard against economic control and coercion. However, in cases of domestic, elder and financial abuse, perpetrators may attempt to access or manipulate a victim's superannuation. An incoming government should enact legislative amendments to the Superannuation Industry (Supervision) Act 1993 to prevent perpetrators of abuse from accessing a victim's superannuation after their death.
- **Ensuring justice for survivors of child sexual abuse:** An incoming government should progress legislation to allow victims and survivors of child sexual abuse to access a portion of an offender's superannuation entitlements. Superannuation should not be a shield that enables offenders to avoid financial accountability. This reform would provide survivors with a means of securing compensation and recognition of the lifelong impact of abuse.

- **Enhancing safeguards against scams and fraud:** As superannuation balances grow, so too can the risk of financial fraud and cybercrime that target retirement savings. Many experiences of financial crime incidents in superannuation occur when money is moved out of the highly regulated and secure APRA-regulated environment, where consumer protections are robust, and into less regulated settings such as self-managed super funds (SMSFs). An incoming government should provide greater funding for consumer education campaigns focused on scams and fraud prevention, and superannuation security.
- **Improving oversight of hardship superannuation withdrawals:** An incoming government should centralise the administration of hardship superannuation releases to the ATO to prevent individuals from making multiple withdrawals across different funds. This reform would strengthen oversight, enhance integrity measures, and ensure that hardship provisions are used appropriately while protecting members' long-term retirement savings.
- **Joint government and sector action to improve member service outcomes:** In tandem with existing work to uplift service standards across the sector, an incoming government should work with the superannuation community to legislate electronic binding nominations, recognise First Nations kinship arrangements under superannuation legislation, and improve government agency coordination, as per ASFA's policy proposals to support improved consumer outcomes for death benefit payments.
- **Acknowledgement of the important role of group insurance in super:** With data showing that approximately 6 million Australians are covered by insurance through super who would otherwise receive no insurance, an incoming government should continue to acknowledge and support this important coverage provided through superannuation. .



Improving retirement outcomes through quality advice

Access to quality, affordable financial advice is essential for providing Australians with choice and a dignified retirement. Too many Australians are currently priced out of advice or challenged by the regulatory complexity of retirement income systems. Superannuation funds are often best placed to support their members with guidance at key stages. A modernised advice framework will provide clear education pathways for a new class of advisers, expand collective charging arrangements to make advice more accessible and affordable, and be underpinned by strong consumer protections.

ASFA supports the Government's Delivering Better Financial Outcomes (DBFO) reforms and calls for progress to pass Tranche 2 of the package without delay. These reforms are critical to expanding the availability of advice while ensuring member protections remain strong. Ultimately, reforms to advice are essential to ensure the superannuation system works not only to accumulate savings but also to support Australians in confidently turning those savings into secure, confident and dignified retirements. Advice helps Australians have the retirements they want.



ASFA calls for:

- **Enhancing access to affordable financial advice:** An incoming government should enact reforms that improve the availability and affordability of financial advice, ensuring Australians can make the informed choices they want to make about their superannuation. These reforms should be implemented without delay to provide greater clarity, confidence, and security for superannuation members navigating their retirement planning.
- **Ensuring an education pathway for the New Class of Advisers:** An incoming government should establish an accredited education pathway equivalent to AQF5 to support a new class of advisers to build long-term capability in the system and increase access to advice for Australians
- **Enshrining collective charging for those who choose it:** An incoming government should enable collective charging mechanisms where appropriate, so that members can opt in to shared access to guidance and intra-fund advice services.
- **Implementing strong consumer protections:** An incoming government should ensure that any reforms must include appropriate limits on fees, product scope, and advice structures to ensure member interests remain front and centre.



Reinforcing consumer choice

Empowering superannuation members with greater choice, transparency, and financial literacy is key to improving retirement outcomes. Many Australians struggle to navigate the complexities of superannuation, limiting their ability to make informed decisions about contributions, investments, and withdrawals. Enhancing financial education and ensuring that investment options align with member expectations will strengthen engagement and confidence in the system. ASFA supports a superannuation framework that prioritises transparency, investment choice, and informed decision-making.



ASFA advocates for:

- **Enhancing consumer education on superannuation:** An incoming government should provide dedicated funding for consumer education campaigns to improve Australians' understanding of their superannuation. These campaigns should focus on increasing financial literacy, empowering members to make informed decisions, and protecting their retirement savings from risks such as scams, fraud, and preventing disengagement.
- **Ensuring superannuation system settings reflect member investment choices:** An incoming government should refine regulatory settings to ensure that superannuation products are assessed in a way that accurately reflects member expectations and investment objectives. A more balanced approach is needed to ensure that performance assessments support member-directed investment choices while maintaining strong retirement outcomes.
- **Advancing retirement income reforms:** An incoming government should push forward with the retirement income measures announced by the Government in November 2024. These reforms are essential to improving retirement outcomes by providing retirees with greater flexibility, choice, and confidence in managing their superannuation.
- **Commitment to improving retirement outcomes:** An incoming government should take a holistic approach to strengthening retirement outcomes by ensuring policy settings support financial security, flexibility, and sustainability in retirement.



Investment in national priorities

Superannuation is not just an individual asset; it is a powerful force for economic growth and national development. As one of the largest pools of long-term capital in Australia, super funds play a critical role in financing infrastructure, housing, and the transition to a net-zero economy. Smart policy settings can enable superannuation to support national priorities, such as increasing housing supply and energy transformation, while ensuring strong, risk-adjusted returns for members. Encouraging super fund investment in these sectors benefits both individuals and the broader economy.




ASFA advocates for:

- **Tax and regulatory reforms to facilitate institutional investment in residential housing supply:** An incoming government should ensure that tax and regulatory settings support responsible super fund investment in residential housing supply. This will help address Australia's housing challenges while maintaining strong risk-adjusted returns for members.
- **Policies that promote greater institutional investment in clean energy and infrastructure:** An incoming government should support greater institutional investment in Australia's energy transition, by ensuring regulatory settings enable superannuation funds to deploy long-term capital into clean energy, infrastructure modernisation and emerging industries. Stronger government coordination improved approvals processes, and improving the visibility and alignment of public funding mechanisms will all incentivise greater investment in decarbonisation.



A stable and efficient superannuation system

Long-term policy stability is essential to maintaining trust in superannuation. Frequent changes to tax settings and regulatory requirements create uncertainty for both funds and members. Superannuation should be governed by a predictable and balanced policy framework that minimises regulatory duplication, thus reducing compliance burdens, ensuring that funds can focus on delivering strong returns and high-quality services. Stability in policy settings allows superannuation to function effectively in its role of providing financial security for Australians in retirement. .

 ASFA advocates for:

- **Stability in superannuation tax and policy settings:** An incoming government should ensure stability in superannuation policy settings, preventing further erosion of the system's integrity and certainty for members.
 - An incoming government should ensure that the SG will rise to 12% on 1 July 2025 to raise retirement living standards while reducing future Age Pension burdens.
 - An incoming government should preserve the integrity of the Superannuation Guarantee (SG) payments on government-funded Paid Parental Leave by ensuring that from 1 July 2025, these payments remain as SG contributions. Maintaining the original intent of this policy is essential to closing the gender super gap and improving retirement outcomes for parents.
- **Better coordinated and cost-effective regulatory oversight:** An incoming government should ensure better coordinated regulatory oversight. For instance, currently, funds are required to provide the same information to multiple regulators in different formats, creating duplication in regulatory practice and inefficiencies that divert resources away from delivering better services and returns to members. A streamlined and consistent regulatory framework would enhance compliance effectiveness while allowing funds to focus on their core purpose, supporting Australians' retirement security. As well, financial levies on superannuation funds linked to regulators' activities have grown substantially in recent years, with this in effect being paid out of fund members' account balances. Regulators should be required to fully justify their spending.

Closing statement

ASFA urges all parties contesting the 2025 federal election to support policies that protect and strengthen superannuation for the benefit of all Australians. Our policy platform provides a roadmap for a retirement system that is fairer, more efficient, and more sustainable.

A stable and well-supported superannuation system delivers better retirement outcomes, fosters economic growth, and ensures Australians can retire with confidence.

Superannuation is not just about individual savings; it is about building a stronger future for all Australians. We look forward to working with policymakers to ensure superannuation continues to be a world-class system that Australians can rely on for generations to come.

