ASFA EXPLAINER

The Australian Superannuation System

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The Association of Superannuation Funds of Australia Limited (ASFA) has been operating since 1962 as the peak policy, research and advocacy body for Australia's superannuation industry.

ASFA represents the APRA regulated superannuation industry with over 100 organisations as members from corporate, industry, retail and public sector funds, and critical service providers.

1. Introduction

The Australian superannuation system has undergone remarkable change over the past century. Initially only available to employees in certain industries and professions, superannuation coverage is now more or less universal – a consequence of decades of ongoing reform.

The Australian retirement savings pool is one of the largest in the world. As of March 2025, total superannuation assets were $4.1 trillion, or around 150 per cent of annual GDP.[1] The stock of superannuation assets will continue to increase for decades to come.

The structure of the superannuation system has evolved. The modern superannuation system comprises a vast network of interconnected entities. This includes superannuation funds themselves, and a broad range of providers of services and products to funds and fund members. Together, this is the superannuation system supply chain.

2. The history of superannuation

The early days

Occupation-related superannuation first emerged in Australia in the mid-19th century, most notably with the establishment by the Bank of Australasia – later ANZ Bank – of a superannuation fund for its staff in October 1842.[2] The term 'superannuation' was in common usage by the early 19th century in the United Kingdom to refer to the pension received by an individual (from a former employer) after retirement. In most countries, the term 'private pension' tends to be used to describe what is known as superannuation in Australia. Though it is not entirely clear why the term superannuation is used in Australia, its usage does at least provide a clear distinction between superannuation and the Federal Government-provided Age Pension.

From its earliest days until the 1940s, superannuation was only available to a select, mostly male, group of salaried employees in the public sector and some large companies. Employer-supported superannuation for wage earners tended to be less generous (in schemes that were non-compulsory), with smaller employer contributions and smaller benefits. Women were particularly disadvantaged. It was not uncommon for women to be required to resign from a permanent job position when they married. As well, vesting rules meant that if a woman in their 20s or 30s voluntarily resigned from a job because of family responsibilities they would be unlikely to satisfy the minimum years of service required by many superannuation funds to generate a defined benefit entitlement.

The 1950s to 1970s: superannuation largely for white-collar workers

From the 1950s to the 1970s, superannuation became more widely available but still was largely restricted to professional and office workers. Furthermore, for those whose working life was not continuous with one employer, the lack of vesting of employer contributions limited benefits. Again, these effects were more profound for women. By 1974, 32 per cent of wage and salary earners were covered by superannuation,

[1] Annual nominal GDP to March quarter 2025.

[2] ASFA 2013, *Australian Superannuation: An Example of Asset Building in Practice*.

which represented 41 per cent of male employees, but only 17 per cent of females. Most superannuation assets were in defined benefit funds.

From the 1970s until the introduction of superannuation associated with national wage setting arrangements in 1986, superannuation was an employment fringe benefit (concentrated among professionals, managers, administrators, public sector employees and the financial sector). Superannuation was provided largely at the discretion of employers, and that discretion was exercised in favour of only some employees.

The uneven coverage of superannuation (and associated tax concessions) provided a catalyst for the push for universal occupational superannuation. This occurred primarily through the industrial relations system, rather than from political and parliamentary attention.

One of the attractions of promoting superannuation was that it allowed for deferred wage increases without going outside the then-centralised wage fixing system. Justice and equity were also motivating factors, as superannuation was available to many white-collar workers but generally not blue-collar workers.

One of the earliest and most prominent pushes for superannuation came from the Federated Storemen and Packers Union, which developed a portable (industry wide) accumulation fund for its members in 1978. This was arguably the first industry (multi-employers across an industry) fund, although there are other contenders for that title; the building unions were not far behind. This led to concerted industrial campaigns aimed at getting employers to contribute to (the concerned) accumulation funds on behalf of all their employees, rather than to defined benefit funds for only some.

The 1980s: momentum gathers

In 1983, the newly-elected Hawke Labor Government expressed support for the principles of employee superannuation and initiated discussions with the Australian Council of Trade Unions (ACTU) on the possibility of broadening access to superannuation as part of the Government's Prices and Incomes Accord with the trade unions.

Government support for superannuation was also given impetus by the economic conditions of the day. By 1985, Australia was experiencing high interest rates, elevated inflationary pressure, a widening current account deficit and rising foreign debt. Employee superannuation was an attractive policy option for the Government in that it responded to union and employee demands, but involved deferred wage increases and an improvement in Australia's level of national saving. That said, there were a number of factors leading to support by the unions and the Government for occupational superannuation. Attributing the introduction of compulsory superannuation to the economic circumstances of the time would be a considerable over simplification.

The process of making superannuation more or less a universal entitlement began in September 1985 when, with the support of the Government, the ACTU sought a 3 per cent superannuation contribution to be paid by employers to industry funds specified in relevant industrial awards. This case before the then-Conciliation and Arbitration Commission was in the context of national wage case guidelines, which allowed for a wage increase based on improvements in national productivity in addition to any wage increase related to changes in the Consumer Price Index.

Despite compelling arguments being presented, the Commission did not grant a blanket award of occupational superannuation. Rather, it announced that it would approve industrial agreements that provided for 3 per cent of wages to be contributed to approved superannuation funds.

As new industrial awards and agreements were progressively negotiated according to the guidelines in the national wage case decision, there was a rapid increase in superannuation coverage. In the four years after the introduction of award superannuation, coverage increased from 40 per cent of all employees to 79 per cent. Within the private sector, coverage rose from 32 per cent to 68 per cent.

This was a major achievement for award superannuation, but more was needed to achieve adequacy of retirement incomes and coverage of the labour force. A contribution of 3 per cent of wages was not enough to generate substantial retirement savings, and around one-third of private sector employees still did not have superannuation at all.

The 1990s: compulsory superannuation comes into effect

In 1991, the ACTU and the Labor Government argued in the (renamed) Industrial Relations Commission for a further 3 per cent (employer-paid) contribution. The Commission rejected this based on compliance and implementation problems of using industrial awards to require the payment of superannuation.

While the Commission did not completely close off options for further extension of award superannuation (in terms of both coverage and quantum), the Government decided to take a completely different approach.

In the 1991-92 Federal Budget, the Government announced it would introduce a mandatory superannuation system through the implementation of the Superannuation Guarantee (SG). The SG system would use the taxation power of the Australian Government to provide a powerful incentive for employers to make correct superannuation contributions. For employers, if the required amount was not paid, then a non-deductible SG charge would become payable (equal to each individual employee shortfall in contributions), along with an interest payment and an administration charge. Once the employer made this payment, the employee could then get the Australian Taxation Office (ATO) to forward the shortfall and interest component to a complying superannuation fund (the Australian Government does not have constitutional power to directly legislate to require all employers to make superannuation contributions). The 'guarantee' part of the SG relates to the requirement for contributions being made, rather than a guarantee of investment earnings or eventual retirement income.

The SG system came into effect on 1 July 1992. It required contributions of 5 per cent of ordinary-time earnings for employees of employers with an annual payroll in excess of $1,000,000, and 3 per cent for all other employees. A schedule of future increases in the rate of the SG was also set, with a rate for all employees of 9 per cent of earnings applying from 1 July 2002.

The coverage of the system was very broad, using a wide definition of employer and employee. For employers, claiming that an individual worker was a contractor did not necessarily remove the requirement to pay SG.

However, there were some exceptions to coverage: those aged under 18 working less than 30 hours per week, those earning less than $450 in a calendar month (no longer applies – see end of Section 2), and those aged over 65 (there is no longer an upper age limit). As well, the SG does not apply to the self-employed other than to owner-managers who receive wages and thus, technically, are employees of a company they also control.

In the 1995-96 Federal Budget, the Government proposed a compulsory member contribution of 3 per cent together with a matching contribution from government – initially to be set at 1 per cent in July 1997, and rising to 3 per cent by July 1999. This latter contribution was to be paid instead of previously-promised income tax cuts. However, with the change in government (in 1996), this did not occur.

The new Coalition Government did make other changes. In its first budget in August 1996, the Government introduced a surcharge (additional tax) on superannuation contributions by individuals with high taxable income and contributions (the surcharge was abolished in the 2005-06 Budget). The Government also introduced (from 1 July 1997) an 18 per cent tax rebate for up to $3,000 of contributions made for a low-income spouse. In addition, the Government increased the upper age limit for SG contributions from 65 to 70, and introduced Retirement Savings Accounts (RSAs) – simple bank deposit-like products with superannuation tax and preservation treatment.

As well, from 1 July 1999 there were strengthened preservation rules, which allowed for the release of benefits only in very restricted circumstances prior to preservation age (which varies between 55 and 60 depending on the then age of the member). Legislation introduced in 2000 also allowed separating couples to split the value of their superannuation by agreement or by Court order.

The 2000s: choice and a higher SG rate

The 2000s saw further significant changes. In particular, the Coalition Government introduced provisions (with effect from 1 July 2005) that allowed employees to choose the superannuation fund (subject to certain exceptions) to receive their compulsory contributions. Accompanying this were regulations giving individuals the right to transfer their superannuation balance to another fund.

Clearly, superannuation has changed from a discretionary fringe benefit provided by employers to more of an individual property right. In response to this, there has been significant change in the prevalence of different fund types. In 1982-83, around 80 per cent of fund members were in defined benefit schemes. By the year 2000, only 13 per cent of members were in pure defined benefit funds – many of which were public sector schemes closed to new members. That percentage is now down to less than 10 per cent.

Some employers became concerned about the higher average costs of enrolling an employee in a defined benefit scheme. These costs were amplified by the minimum vesting requirements that applied where an employer wished to satisfy their SG obligations by making contributions to a defined benefit fund. A further issue is that with greater labour mobility defined benefit schemes do not suit many workers and are not necessarily a good method for employers to attract and retain employees.

In May 2010, the then-Labor Government announced that the SG rate would rise (from 9 per cent) to 12 per cent by July 2019. Actual increases in the SG rate have been more gradual – with 0.25 percentage point increases in 2013 and 2014, and 0.5 percentage point increases in every year from 2021 to 2025 inclusive (on 1 July in each case). As of 1 July 2025, the SG rate stood at 12 per cent – the maximum legislated rate.

Another key policy change for older working Australians was the removal of the upper age limit on SG contributions, which came into effect on 1 July 2013 (the age limit had previously been increased from 65 to 70).

The evolution of supervisory arrangements

Along with the introduction of the SG came new supervisory arrangements, largely due to the changed nature of superannuation. Historically, the prudential framework for superannuation rested broadly on the principles of trust law supplemented by controls in the Life Insurance Act (for retail products), certain aspects of the Corporations Law, and income tax legislation. Not surprisingly, given the lack of clearly delineated member rights in many cases, the existence of trustee and employer discretions, and the costs of litigation, there was not much evidence of action being taken to enforce the rights of members.

With superannuation becoming more of an individual property right and with most employees receiving contributions, there was a need for a new supervisory regime and controls. Accordingly, in 1987 the then-Labor Government introduced the Occupational Superannuation Standards Act (OSSA). This prescribed operating standards that superannuation funds were required to meet in order to be eligible for superannuation tax concessions.

In 1992, the Labor Government, along with mandating contributions, enhanced the prudential framework for supervising funds. The Superannuation Industry (Supervision) Act effectively replaced the OSSA legislation from 1 July 1994. The legislation defined the duties and responsibilities of trustees, improved disclosure requirements, increased the role of auditors and actuaries, and introduced more direct enforcement powers for the Insurance and Superannuation Commission (ISC).

Later, the then-Coalition Government introduced further superannuation reforms, following the collapse of a large insurance company that triggered broader concerns about the prudential safety of regulated financial entities. All superannuation trustees were required to obtain a Registrable Superannuation Entity (RSE) licence from the Australian Prudential Regulatory Authority (APRA; the successor to the ISC) if they were to continue to operate after 1 July 2006. Trustees had to demonstrate a range of capabilities (with appropriate supporting documentation) in order to obtain and retain a licence.

This led to a dramatic decrease in the number of trustee entities and superannuation funds (see Section 5), with small corporate funds in particular finding the new regime challenging and expensive relative to their assets under administration. Those funds that closed generally transferred members and assets to a fund that was licensed (or clearly was going to be licensed).

The establishment of APRA following the Wallis Committee of Inquiry into the Financial Sector in 1996 also saw the establishment of the Australian Securities and Investments Commission (ASIC). ASIC is responsible for the supervision of disclosure and market conduct by superannuation funds and other financial institutions.

Under this regime, funds are required to provide a compliant Product Disclosure Statement to new and prospective members and employer sponsors. There are both specific and general requirements with regard to the information that funds have to provide. Enhanced fee disclosure requirements apply to the offer documents of all regulated funds, along with enhanced reporting requirements applying to periodic (annual) member statements.

The ATO plays a regulatory role in the sector, particularly with regard to Self-Managed Superannuation Funds (SMSFs). SMSFs are small funds with less than seven (originally five) members – although, in practice, generally one or two members. Each member is also a trustee of the fund. Members are generally drawn from a single family, or are co-directors of a company. SMSFs generally are not able to have employees of a firm as members.

Subsequent regulatory changes

Introduction of the MySuper regime

Following the 2009-10 Cooper Review into the Governance, Efficiency, Structure and Operation of Australia's Superannuation System, the Australian Government introduced the following reforms:

- MySuper products: a product (authorised by APRA) that is designed for 'default' members who do not make an active decision about which fund to join – into which their compulsory employer contributions are paid. MySuper accounts typically offer a single diversified investment option, simple product features and relatively low fees.
- For their MySuper product, fund trustees are required to develop a single diversified investment strategy, with an appropriate degree of risk, that specifies the investment return target over a rolling 10-year period.

- Fees on MySuper products are subject to certain rules.
- All MySuper products to offer a minimum default level of life and total and permanent disability insurance on an opt-out basis.

Default insurance arrangements were later changed under two separate reforms – Protecting Your Super Package (2019) and Putting Members' Interests First (2020).

- Cessation of insurance provided on inactive accounts (unless a member has opted-in).[3]
- Insurance generally on an opt-in basis for members aged under 25 and on low-balance accounts).[4]

Governance and disclosure

A range of other reforms were introduced as a result of the Cooper Review recommendations. These included requirements that trustees of a MySuper product:

- promote the best interests of the fund members
- determine annually whether MySuper members are disadvantaged by the scale of the fund
- discharge their personal duties to act honestly, exercise the care, skill and diligence of a 'prudent superannuation director', and exercise their duties and powers in the best interests of beneficiaries (subsequently amended as part of the 2021 Your Future, Your Super reforms – see below).

APRA was given the power to draft binding prudential standards for the superannuation industry for the first time. The standards cover governance, fit and proper persons, risk management, business continuity management, outsourcing, auditing, conflicts of interest, investment governance, insurance, solvency and capital requirements. These standards were designed to coincide with the introduction of MySuper.

SuperStream

The SuperStream reforms introduced new data and payment standards for superannuation transactions. This includes electronic transmission of linked financial and member data using standardised formats, and using tax file numbers as the primary member identifier.

Your Future, Your Super

The Your Future, Your Super (YFYS) reforms came into effect on 1 July 2021, which reflect recommendations of the Productivity Commission's 2019 inquiry into the efficiency and competitiveness of the superannuation system. Key elements of the YFYS reforms are below:

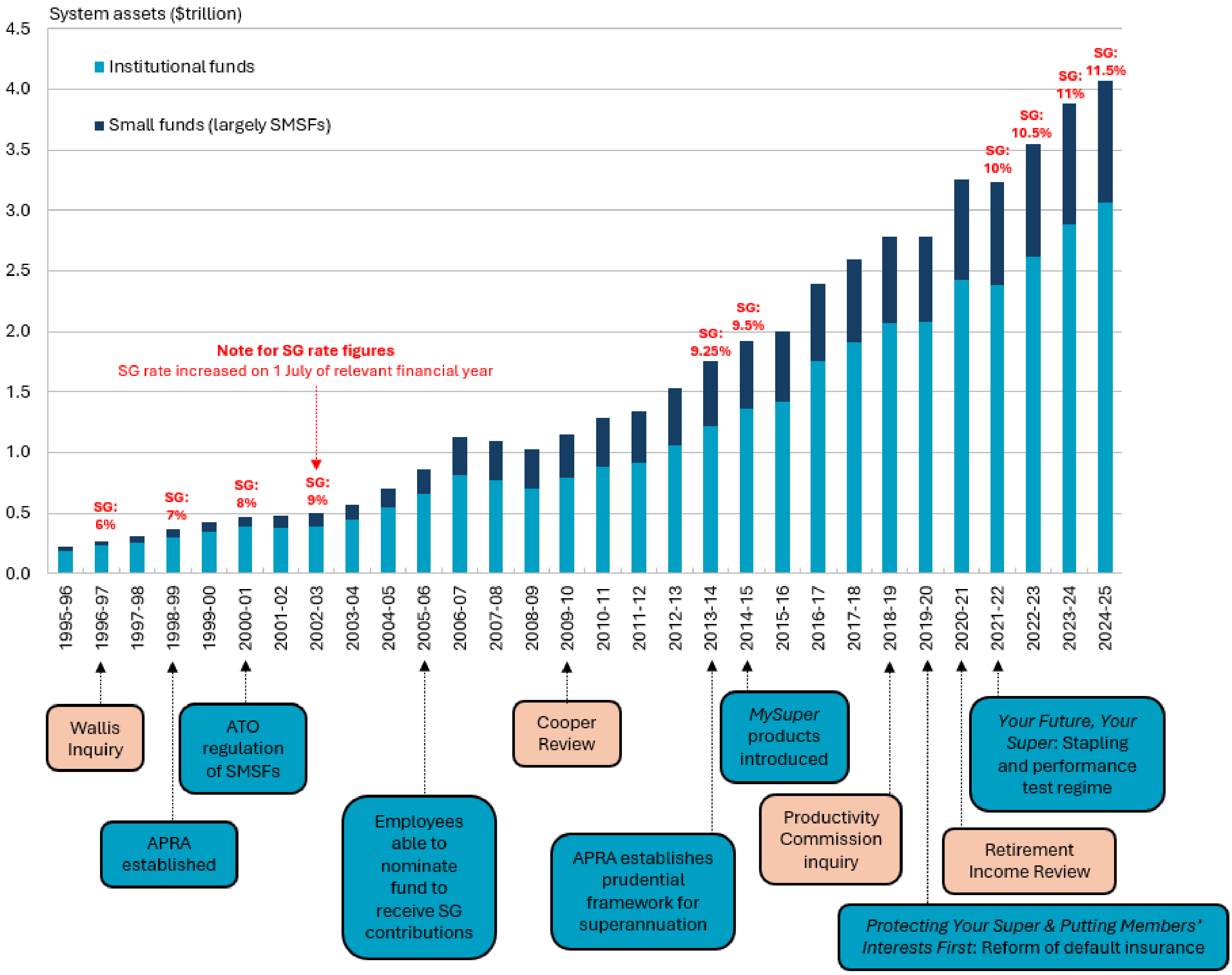
- A mechanism whereby superannuation accounts 'follow' members when they change employers, with the aim of reducing the incidence of multiple, unnecessary accounts ('stapling').
- An annual performance test for superannuation products, where if a fund's product(s) fails over two consecutive years, the fund must notify that product's members and will not be able to take on new members in respect of that product.
    - Initially, applicable to MySuper products only, the performance test is being extended to choice products – beginning with products where asset allocations are set by the fund (so-called trustee-directed products).

[3] Inactive for a continuous period of 16 months or more.
[4] Fund trustees can only provide insurance cover on an opt-in basis for people under 25 (unless working in a dangerous occupation) and on accounts with a balance less than $6,000. Also, trustees will cancel cover on accounts that have not received any contributions for 16 months (inactive accounts).

- An amendment to trustees' best interests duty, such that trustees (and directors) are required to act in the "best financial interests" of their beneficiaries.

Some of the key developments discussed above are summarised in the following timeline (Chart 1).

Chart 1: Key developments in superannuation



Source: Productivity Commission 2016, *Superannuation Efficiency and Competitiveness: Issues Paper*; APRA, *Quarterly Superannuation Performance*, September 2023; APRA, *Annual Superannuation Bulletin*, June 2023, other APRA data and ASFA.

3. The superannuation fund as a trust

The foremost institutional arrangement within the superannuation system is the superannuation fund itself. Nearly all funds are set up as trusts.[5] The overarching service provided by fund trustees is to ensure the fund is managed for the benefit of members in accordance with the legally-enforceable rules set out in the fund's trust deed.[6]

Approximately three-quarters of the assets in the superannuation system are in funds where the trustee acts on behalf of an APRA-regulated registrable superannuation entity (RSE).[7] Broadly speaking, RSE superannuation funds constitute the intermediated or institutional funds sector.[8] Most of the remaining one-quarter of assets (approximately) in the system is in self-managed superannuation funds (SMSFs), where each of the members of an SMSF also is a trustee of that fund.[9]

For some institutional superannuation funds, particularly retail sector funds, trustee arrangements can be complex. In particular, there are examples of a single trustee board for a group of discrete APRA-registered funds,[10] where the trustee board is itself a corporate entity within a larger corporate group. This structure is typical in large commercial financial services institutions.

Superannuation fund trustees have ultimate responsibility for operating the fund. However, under a typical trust deed, fund trustees have wide powers of delegation with respect to their functions, and typically outsource many of their functions to entities that are external to the fund. It is important to note that although funds outsource many of their functions, they cannot outsource their responsibility for the performance of those functions – a fundamental tenet of trust law. A detailed discussion of these functions is in Section 8.

[5] Some public sector funds are set up under an Act of Parliament, and are not set up as a trust. These are Exempt Public Sector Superannuation Schemes (EPSSSs). EPSSSs are not regulated by APRA or the ATO, but are supervised by the relevant state government or by the Commonwealth Government. A Retirement Savings Account (RSA) is a particular superannuation product that is not set up as a trust. RSAs operate under the Retirement Savings Account Act 1997.

[6] For an example of a fund trust deed, see https://www.australiansuper.com/TrustDeed.

[7] Registration of RSEs is under Part 2B of the *Superannuation Industry (Supervision) Act 1993* (the SIS Act).

[8] The intermediated/institutional funds sector also includes Exempt Public Sector Superannuation Schemes. See Footnote 4 for more detail.

[9] In practice, the trustees of many SMSFs are incorporated. This is permitted under the *Superannuation Industry (Supervision) Act 1993* (the SIS Act), as long as all fund members serve as directors of the trustee company (see Donald, M. S. and Nicholls, R. 2014, *Bank Custodians and Systemic Risk in the Australian Superannuation System*, University of New South Wales Centre for Law, Markets and Regulation, CLMR working paper no. 14-4, July 2014).

[10] The discrete superannuation funds would have separate trust deeds.

4. Current industry structure

The Australian superannuation industry comprises a mix of corporate, industry, public sector and retail funds (collectively intermediated/institutional funds). There is also a large number of SMSFs, in which members manage their own fund.

Key characteristics of main fund types

The key characteristics of each of the major types of funds – as represented by the different fund sectors – are outlined below.

Corporate funds

Corporate funds are sponsored by one or more employers and generally focus on the employees of a particular company or company group. Most are closed to the general public. The number of corporate funds has declined markedly over the past two decades (discussed in Section 5), and only a very small number of funds remain.

A small number of employers have a quasi-corporate fund for their employees, where the fund can be operated by a retail or industry sector superannuation provider (the RSE licensee). APRA classifies such funds according to the RSE licensee – that is, a fund operated by a retail provider is classified as a retail fund.

Industry funds

Traditionally, an industry fund drew members from the employees of a range of employers across a single industry, and generally was established under an agreement between parties to an industrial award. Over the past decade many industry funds have opened their membership to the general public (public-offer funds), although the vast majority of members of each industry fund still are from the industry for which the fund was established.

Public sector funds

Public sector funds have a government agency or government-owned corporation as their sponsoring entity. Though traditionally catering only to public sector employees, a significant minority of public sector funds are now public-offer funds. More than half of public sector funds are not regulated by APRA, but instead are supervised by the relevant state government or by the Commonwealth Government.[11]

Retail funds

Retail funds offer superannuation products on a commercial 'for profit' basis to the general public and typically are run by large commercial financial services institutions. In many cases, a group of discrete APRA-regulated retail funds are part of a single entity – that is, there is a registered licensee for a group of discrete superannuation funds.[12] Further, in some cases, a number of discrete licensees may be part of the

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[11] These are Exempt Public Sector Superannuation Schemes (see Footnote 4 for more detail). To make matters more complicated, not all Exempt Public Sector Superannuation Schemes are accounted for in the APRA data. Those funds that are accounted for report to APRA under agreement between the Commonwealth Government and each of the State and Territory governments (APRA 2005, Classification of Superannuation Entities).

[12] Individual superannuation entities are registered under Part 2B of the *Superannuation Industry (Supervision) Act 1993* (the SIS Act).

same corporate group. This complexity reflects, in part, the outcome of industry merger activity, where the corporate parent has chosen to retain the separation of entities within the larger group.

Small funds

The small funds sector comprises SMSFs and small APRA-regulated funds (SAFs). Both SMSFs and SAFs can have a maximum of six members (up from four since 1 July 2021).

- SMSFs are operated, managed and controlled by the fund members, who are also the trustees of the fund. SMSFs are regulated by the ATO rather than APRA. With respect to pension systems in other jurisdictions, SMSFs are a unique feature of the Australian superannuation system.
- SAFs are similar to SMSFs, though members are not the fund trustees. Trustee duties and responsibilities are provided by an approved external trustee.

Relative size of fund sectors

Table 1 provides a snapshot of the relative size of each fund sector. As noted above, approximately three-quarters of total superannuation assets are in institutional funds (corporate, industry, retail and public sector). SMSFs account for around one-quarter of total superannuation assets, though only 5 per cent of all member accounts.

Table 1: Superannuation funds, by sector (March 2025)

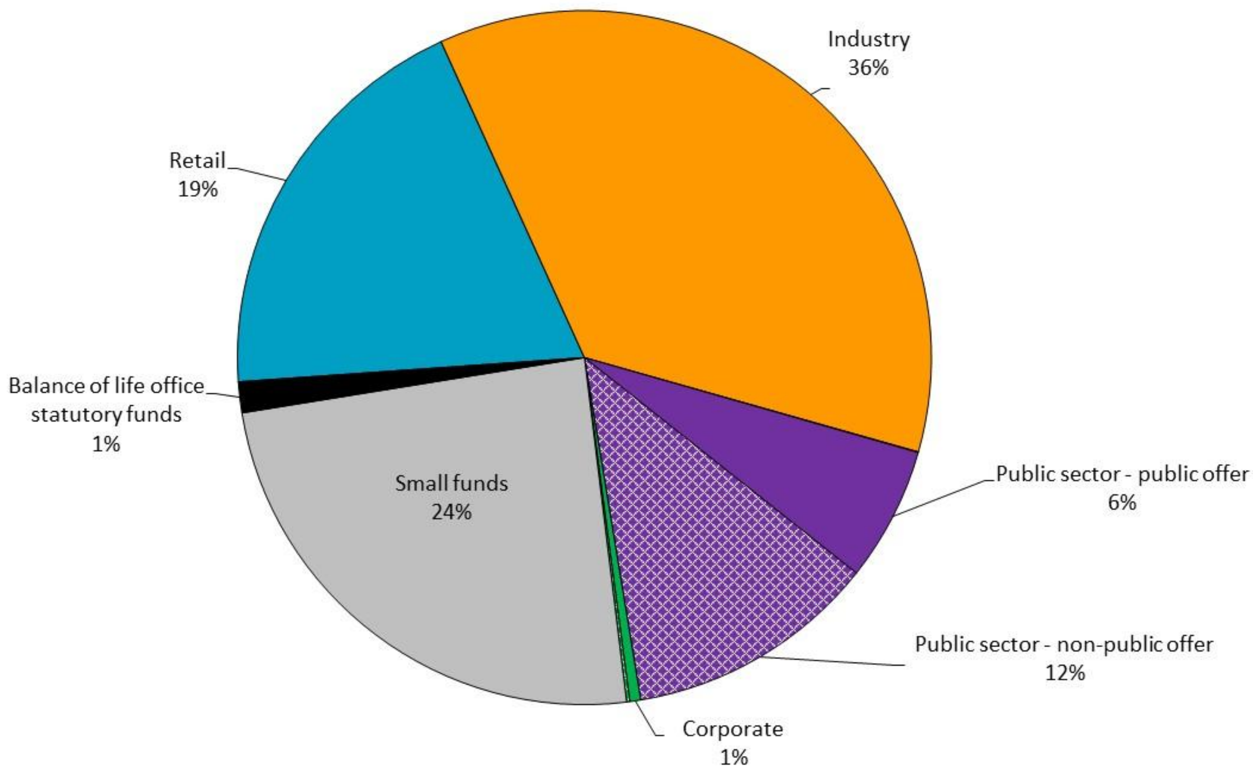
	Number of funds	Total assets ($billion)	Number of accounts ('000s)
Corporate funds	3	36.4	128.0
Industry funds	19	1,485.0	14,425.0
Public sector funds	27	742.9	3,233.0
APRA regulated	*10*	*569.5*	*2,427.0*
exempt from APRA regulation	*17*	*173.4*	*806.0*
Retail funds	46	798.3	6,007.0
Public offer	*40*	*706.7*	*5,317.4*
Retail trustee for corporate entity	*6*	*91.6*	*689.6*
Small funds	646,847	1,007.1	1,155.0
SMSFs	*646,168*	*1,005.5*	*1,153.0*
small APRA-regulated funds	*679*	*1.6*	*2.0*
Balance of life office statutory funds*		59.3	
Total	**646,942**	**4,129**	**24,948**

Source: APRA, *Quarterly Superannuation Performance*, March 2025; APRA, *Quarterly Superannuation Industry publication*, March 2025; APRA, *Quarterly Fund-level Superannuation Statistics*, March 2025; and ASFA calculations.
*Relates solely to the life insurance business of an entity.

There is a stark difference in the average account balances of institutional funds and SMSFs. As of March 2025, the average balance among all APRA-regulated institutional funds was around $130,000, whereas the average balance for an SMSF was around $870,000.[13]

With respect to APRA-regulated institutional funds, almost 90 per cent of total assets are in funds that are open to the general public (Chart 2). As noted above, a significant minority of public sector funds are now public-offer funds.

Chart 2: Total APRA-regulated superannuation assets, by fund type (March 2025)[14]



Source: APRA, *Quarterly Superannuation Performance*, March 2025; APRA, *Quarterly Fund-level Superannuation Statistics*, March 2025; and ASFA calculations.
Note: Due to rounding, proportions for separate fund types add to more than 100 per cent.

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[13] APRA, *Quarterly Superannuation Performance*, March 2025; APRA, *Quarterly Superannuation Industry publication*, March 2025; and ASFA.

[14] APRA notes that total assets is the sum of assets held in respect of the product or lifecycle stage, where an asset represents a resource: (a) controlled by an entity as a result of past events; and (b) from which future economic benefits are expected to flow to the entity. This includes: investments, securities purchased under agreements to resell and securities borrowed, derivative assets, current tax assets, and deferred tax assets (APRA, *Annual Superannuation Bulletin*, June 2023).

5. Trends in industry structure

Total system assets

Over the past two decades, superannuation assets under management have grown markedly – driven by a combination of increases in the SG rate, and solid average growth rates for both employment and wages (notwithstanding periods of relatively low growth within that two-decade period).

Total superannuation assets have increased from $750 billion at June 2005 (or around 81 per cent of annual nominal gross domestic product [GDP]) to $4.1 trillion as at March 2025 (or around 150 per cent of annual nominal GDP).[15] Australia's private retirement savings pool is one of world's largest. As at the end of 2022 (the latest comparable data), Australia had the fourth largest private retirement savings pool – behind the US, Canada and the UK (Table 2).

Table 2: Private retirement savings pools across the OECD (2022)

	USD trillion	% annual GDP		USD trillion	% annual GDP
United States	35.0	138	Israel	0.31	61
Canada	3.1	153	France	0.31	11
United Kingdom	2.6	85	Mexico	0.30	21
Australia	2.1	136	Germany	0.27	6
Netherlands	1.5	151	Italy	0.23	11
Switzerland	1.3	152	Belgium	0.22	40
Japan	1.3	30	Chile	0.17	58
Denmark	0.8	192	Finland	0.17	59
Sweden	0.6	98	Spain	0.17	12
Korea	0.5	32	Ireland	0.14	27

Source: OECD, *Pensions at a Glance 2023* and ASFA.

Looking ahead, superannuation assets are expected to keep growing for decades to come – though projections vary. The future level will depend on a number of factors, including future investment returns, rates of employment and wages growth, the amount of voluntary contributions and the tax treatment of contributions and investment earnings. Table 3 provides a summary of various projections for super assets from Government and private sector sources.

[15] For the year ending 30 June 1996 and 30 March 2025 respectively.

Table 3: Projected size of institutional superannuation assets

	Base year	Base value	End year	End value
		$ trillion		*$ trillion*
Deloitte	2023	$3.2	2043	$11.2
KPMG	2022	$3.5	2040	$8.6
Treasury (IGR)	2022-23	$3.5	2062-63	$30*

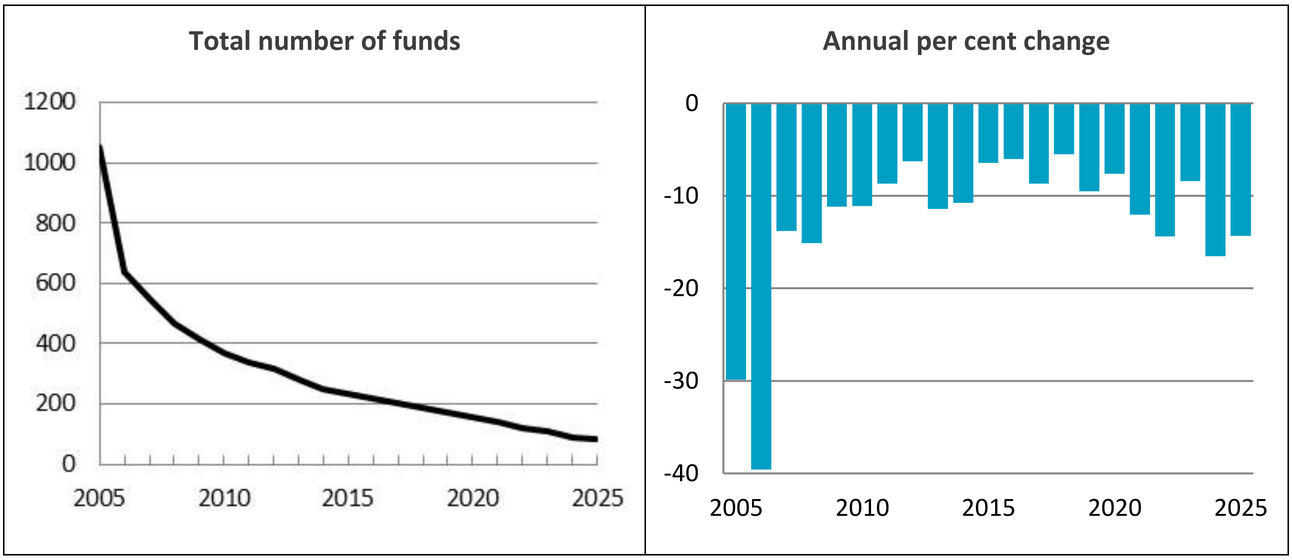
Source: Deloitte (2023), KPMG (2022), and Treasury (2023).
*ASFA derived from separate IGR projections for assets and GDP.

Fund sectors

The number of institutional superannuation funds has diminished markedly over the last two decades. While the pace of merger activity has certainly picked-up over the recent years, consolidation has been a long-running feature of the industry. Indeed, over the previous decade – and prior to the recent focus of regulators on mergers – the number of super funds declined by an average of 8 per cent each year. There has been only a small number of new fund entrants into the market during this period.

Two decades ago, the number of APRA-regulated funds stood at just over 1,000. As at the end of June 2025, the total number APRA-regulated institutional funds stood at 78. Taking account of announced (and not yet completed) mergers, the number of APRA-regulated funds stands at 77 (Chart 3).

Chart 3: Number of institutional fund entities (year ending 30 June)

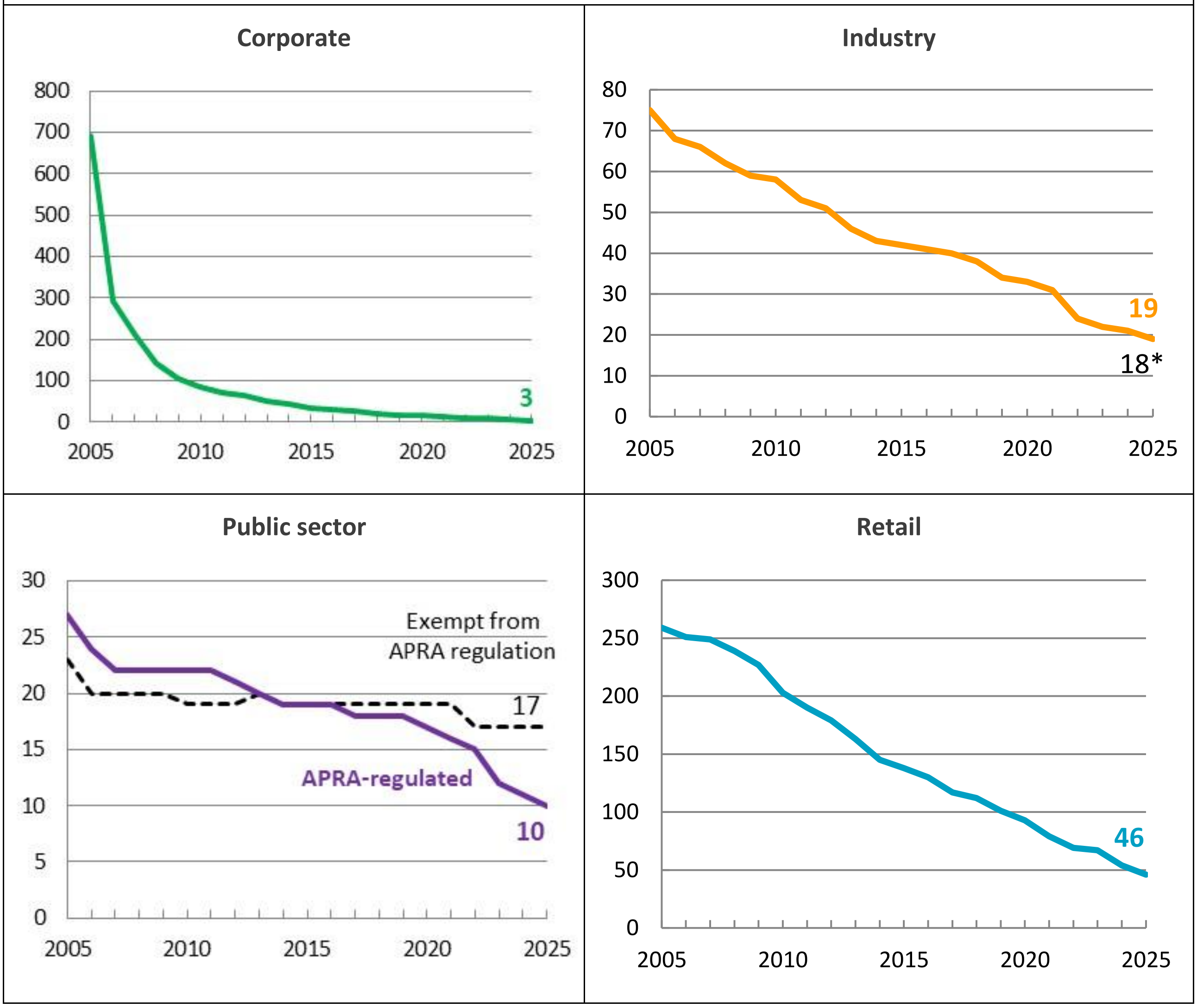


Source: APRA, *Quarterly Superannuation Performance*, March 2025; APRA, *Annual Superannuation Bulletin*, June 2024; APRA, *Quarterly Fund-level Superannuation Statistics*, March 2025; and ASFA calculations.

Chart 4: Number of institutional fund entities (year ending 30 June)

Note: The coloured number in each chart refers to the number of funds as of 30 June 2025.

*The black number in the 'Industry' chart reflects the announced, but yet-to-be completed, successor fund transfer of the Meat Industry Employees' Superannuation Fund (MIESF) to CareSuper.



Source: APRA, *Quarterly Superannuation Performance*, March 2025; APRA, *Annual Superannuation Bulletin*, June 2024; APRA, *Quarterly Fund-level Superannuation Statistics*, March 2025; and ASFA calculations.

Corporate funds

The number of corporate funds has declined from around 700 in 2005 to 3 as of the end of the June quarter 2025 (Chart 4). The dramatic decrease in the number of corporate funds to 2008 or so, in large part, reflected the impact of reforms to the RSE licencing regime (see Section 2).

A small number of funds serve the employees of a particular corporate entity, but have a retail sector trustee (APRA classifies such funds as retail sector funds). Currently, there are six such funds. Each has a very small number of members and is closed to new members. In aggregate, these funds have around 200 members and assets of around $65 million. About 80 per cent of the members in this group are retired (or are spouses of deceased members), and are drawing pension benefits. All these funds are (or almost) exclusively defined benefit funds, where pension benefits depend on personal employment/salary history with the sponsoring corporate entity (and is largely independent of market returns). Ultimately, defined pension benefits are backed by the corporate sponsor.

Beyond these funds, there are three corporate funds as the end of the June quarter 2025 (Table 4).

Table 4: Corporate superannuation entities, consolidated

Fund name	Members' benefits ($m)
TelstraSuper	26,654
ANZ Staff	7,086
Goldman Sachs & JBWere Staff	635

Source: APRA, *Quarterly Fund-level Statistics*, March 2025; and ASFA.
Note: Data is at end March 2025, while structure is at end June 2025.
Members' benefits: a fund's total obligation to beneficiaries.

Industry funds

The number of industry funds has declined by around 75 per cent over the past two decades. As at the end of the June quarter 2025, the total number of industry funds stood at 19. Taking account of announced but yet-to-be completed mergers (successor fund transfer of the Meat Industry Employees' Superannuation Fund to CareSuper), the number of industry funds stands is 18 (Chart 4 and Table 5).

Table 5: Industry superannuation entities, consolidated

Fund name	Members' benefits ($m)
AustralianSuper	367,230
Australian Retirement Trust	312,911
UniSuper	137,540
Hostplus	125,872
Cbus Super	96,815
HESTA	92,777
Rest	91,605
CareSuper (inc. MIESF)	56,973
Equip Super	34,204
Team Super	21,250
NGS Super	15,888
Prime Super	7,785
BUSSQ	7,032
legalsuper	6,371
FIRST Super	4,704
Australian Food Super	3,266
Rei Super	2,380
NESS Super	1,260

Source: APRA, *Quarterly Fund-level Statistics*, March 2025; and ASFA.
Note: Data is at end March 2025, while structure is at end June 2025.
Members' benefits: a fund's total obligation to beneficiaries.

Consolidation over the last two decades has been largely the result of within-sector merger activity, as players have looked to increase scale. There are numerous examples of this, including the merger of Tasplan and MTAA Super (rebranded as Spirit Super). There are also instances of cross-sector consolidation, such as the merger of and Sunsuper (industry) and QSuper (public sector), which was rebranded as Australian Retirement Trust (industry).

Public sector funds

The number of APRA-regulated public sector funds has declined by around 60 per cent over the past two decades. As at the end of the June quarter 2025, the total number of APRA-regulated public sector funds stood at 10. In addition, there are at least 17 additional public sector funds that are exempt from APRA regulation – that is Exempt Public Sector Superannuation Schemes.

Table 6: Public sector superannuation entities, consolidated

Fund name	Members' benefits ($m)
Commonwealth Superannuation Corporation	302,221
PSS (closed to new members)	*113,917*
Military Super (closed to new members)	*94,662*
CSS (closed to new members)	*62,579*
PSSap	*28,510*
ADF Super	*2,553*
Aware Super	188,426
Brighter Super	33,525
Vision Super	22,909
Fire and Emergency Services Superannuation Fund	882
NSW Fire Brigades Firefighting Staff (insurance-only fund)	na

Source: APRA, *Quarterly Fund-level Statistics*, March 2025; and ASFA.
Note: Data is at end March 2025, while structure is at end June 2025.
Members' benefits: a fund's total obligation to beneficiaries.
For CSC, around three-quarters of total assets reflects unfunded superannuation liabilities.

Consolidation (in the APRA-regulated segment) over the last two decades reflects both mergers of public sector funds and privatisation of public sector entities – where, with respect to the latter, members have transferred from a closed public fund to a fund in another sector. For example, the privatisation of Telstra were accompanied by the creation of a discrete corporate fund. More recent consolidation activity between public sector funds includes the acquisition by First State Super of Vicsuper, VISSF and WA Super (with the consolidated entity rebranded as Aware Super).

The headline number of APRA-regulated public sector funds includes five separate funds of the Commonwealth Superannuation Corporation (CSC) – each for a particular cohort of members.

- This includes two closed defined benefit schemes for Commonwealth Government employees and a closed defined benefit scheme for military personnel. For these three funds combined, around 85 per cent of the total assets reflect unfunded superannuation liabilities, which in turn, are almost fully funded by the accumulated investments of the Government's Future Fund.
- CSC also has two (defined contribution) funds that are open to new members – one for government employees, and one for military personnel.

Retail funds

The number of retail funds has declined by around 80 per cent over the past two decades. As at the end of the June quarter 2025, the total number of retail funds stood at 46 (Chart 4).

The structure of the retail sector is more complex than the other sectors. In many cases, a group of discrete APRA-regulated retail funds are part of a single entity – that is, there is a registered licensee for a group of discrete superannuation funds (or registrable superannuation entities).[16] Further, a number of discrete licensees may be part of the same corporate group. This complexity reflects, in part, the outcome of merger activity, where the corporate parent has retained the separation of entities within the larger group.

Merger and acquisition activity over recent years has altered the ownership structure of the retail sector. Five years ago, each of the major four banks had a fully-owned superannuation business. Since then, Insignia (previously IOOF) acquired the superannuation businesses of the National Australia Bank (MLC Wealth) and ANZ (OnePath), while the Commonwealth Bank sold a 55 per cent stake of its superannuation business (CFS) to global investment firm KKR, and Mercer acquired part of Westpac's superannuation business (BT Super).

In terms of large retail corporate groups, the six largest have a total of 14 separate APRA-regulated super funds (Table 7). Ultimately, the appropriate corporate structure is a matter for a responsible corporate entity (acting in the best financial interests of its members), given the prevailing policy and regulatory settings for the industry.

Table 7: Retail sector groups

Retail group	Number of separate APRA-regulated funds	Members' benefits ($billion)
Insignia Financial	5	197
Colonial First State	3	121
AMP	2	119
Mercer	2	76
BT ASGARD	1	74
Macquarie	1	46

Source: APRA, *Quarterly Fund-level Statistics*, March 2025; and ASFA.
Note: Data is at end March 2025, while structure is at end June 2025.
Members' benefits: a fund's total obligation to beneficiaries.

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Figure 1 shows the relationships between RSE licensees within the retail sector, where the figures represent the total members' benefits of licensees. The blue circles represent corporate groups, where licensees are entities of a corporate parent.

[16] Individual superannuation entities are registered under Part 2B of the *Superannuation Industry (Supervision) Act 1993* (the SIS Act).

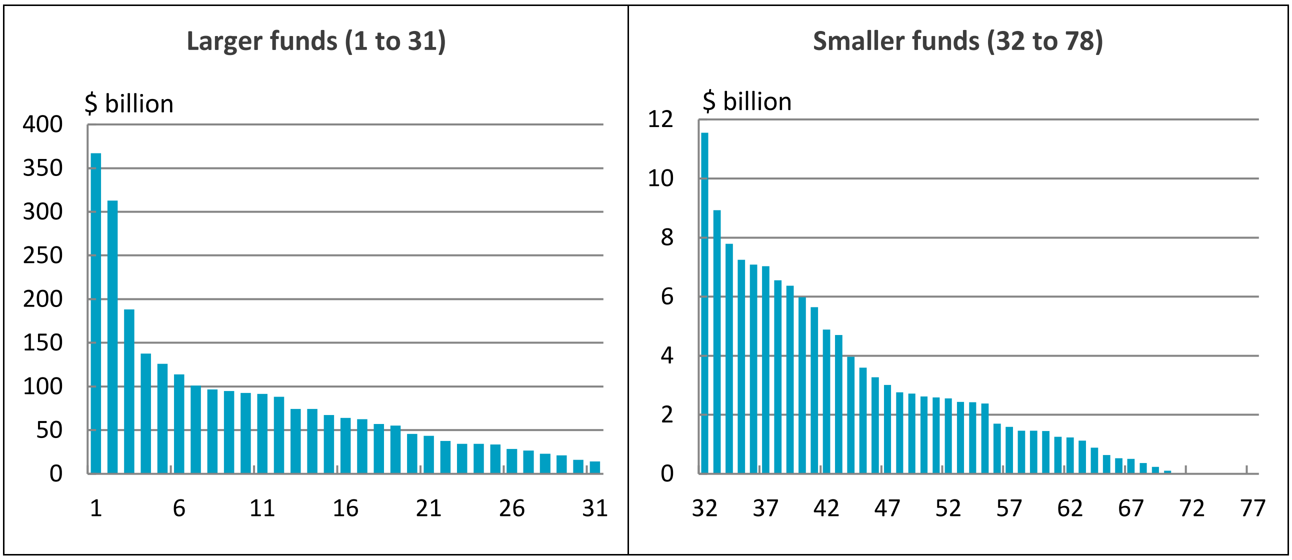
Figure 1: Retail superannuation entities, consolidated members' benefits ($billion)

Notes: For RSEs with total member benefits of $1.5 billion or more. Data is at end March 2025, while structure is at end June 2025. Blue circles represent corporate groups. Members' benefits: a fund's total obligation to beneficiaries.
Source: APRA, *Quarterly Fund-level Statistics*, March 2025; and ASFA calculations.

The overall APRA-regulated sector

In the institutional part of the superannuation industry there are 78 APRA-regulated funds (June quarter 2025). Of these, there are a small number of very large funds and a larger number of relatively small funds – evident in the tail in Chart 5. There are 14 APRA-regulated funds with less than $1 billion in member benefits.

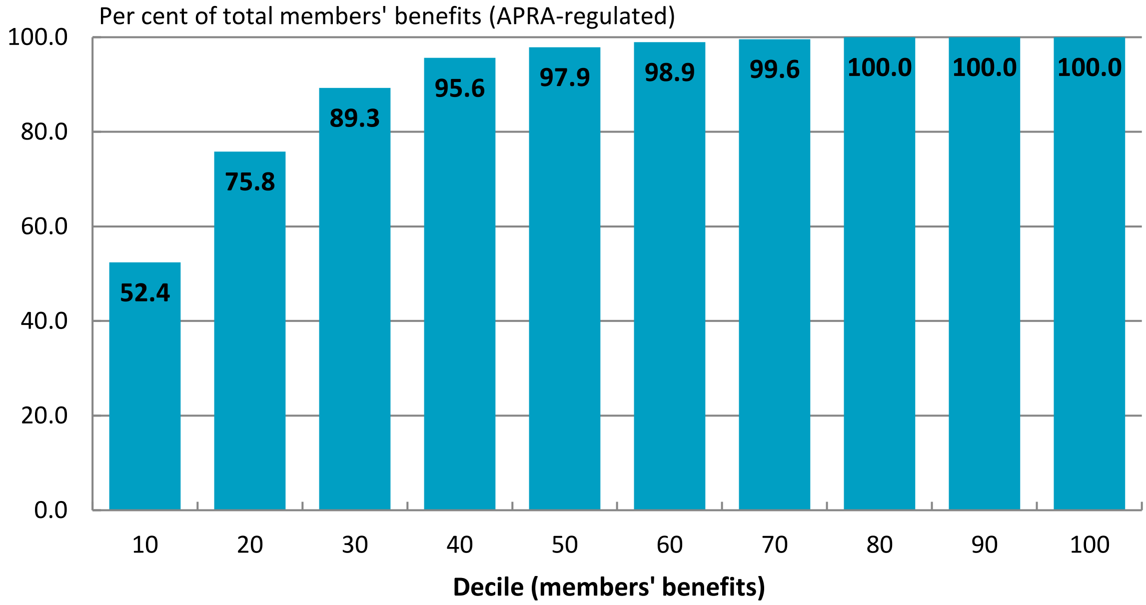
Chart 5: APRA-regulated funds, by members' benefits



Source: APRA, *Quarterly Fund-level Statistics*, March 2025; and ASFA.
Members' benefits: a fund's total obligation to beneficiaries.

As of March 2025, the largest 10 per cent of funds (that is, the largest 8 funds) accounted for 52 per cent of total members' benefits, while the largest 20 per cent of funds accounted for 76 per cent of total benefits (Chart 6).

Chart 6: Share of members' benefits of APRA-regulated funds (March 2025)



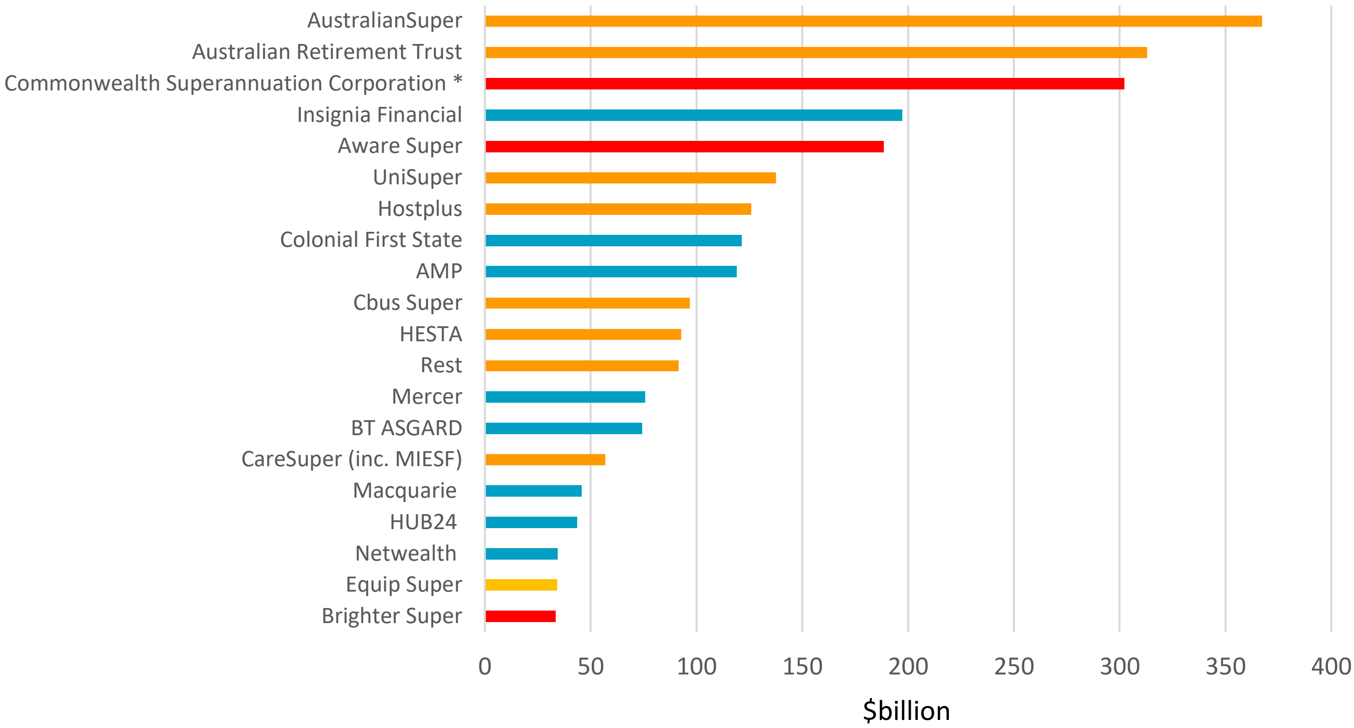
Source: APRA, *Quarterly Fund-level Statistics*, March 2025; and ASFA.
Members' benefits: a fund's total obligation to beneficiaries.

With respect to *consolidated* entities (where a consolidated entity can comprise multiple superannuation funds – as discussed in the previous section), the largest 20 account for just over 90 per cent of total (APRA-regulated) members' benefits. Chart 7 shows that this group comprises a mix of entities from key sectors.

- Industry (yellow)
- Public sector (red)
- Retail (blue)

Note, that Chart 7 incorporates the announced, but not completed, merger of the Meat Industry Employees' Superannuation Fund (MIESF) with CareSuper.

Chart 7: Largest 20 consolidated entities, by members' benefits

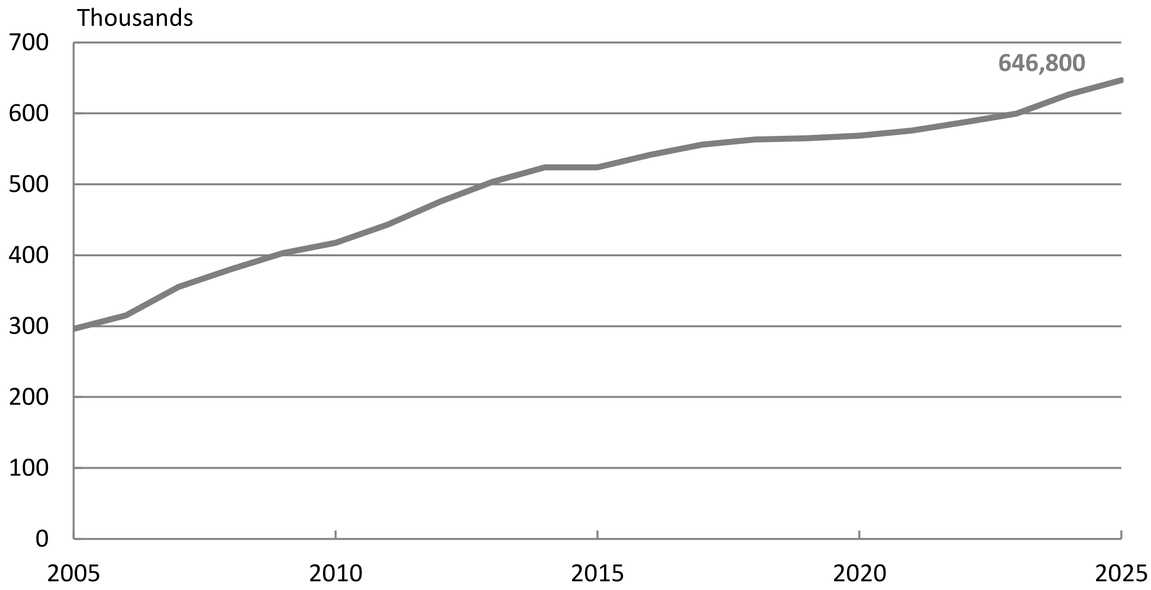


Source: APRA, *Quarterly Fund-level Statistics*, March 2025; and ASFA.
Members' benefits: a fund's total obligation to beneficiaries.
*For the Commonwealth Superannuation Corporation, around three-quarters of total members' benefits reflects unfunded superannuation liabilities, which in turn, are almost fully funded by the accumulated investments of the Australian Government's Future Fund.

Small funds

The vast majority of small funds (greater than 99 per cent) are SMSFs. The number of SMSFs has more than doubled since 2005 – from around 300,000 to around 650,000 (Chart 8).

Chart 8: Number of small funds (30 June of each year)*



Source: APRA, *Quarterly Superannuation Performance*, March 2025; and APRA, *Annual Superannuation Bulletin*, June 2024.
* Note that the figure in the chart refers to the number of funds as at the end of the March quarter 2025.

There are a number of reasons why some people may prefer SMSFs relative to institutional funds.

- SMSFs provide members with greater control than is possible, or is perceived to be possible, compared with an institutional fund framework.
- SMSFs are perceived to have lower management fees than institutional funds – in reality, fees on a per asset basis are generally only lower for SMSFs with relatively large balances.
- SMSFs can provide more effective tax management of investment income, including being able to take greater advantage of capital gains tax concessions when a member moves from the accumulation to pension phase.

Looking ahead

Merger activity will continue in the institutional part of the industry, although the pace will slow from the recent high rates. Particularly given the current number of remaining funds, it is likely that there is a 'speed limit' on orderly and prudent merger activity within a particular period. As noted above, the headline figure for the number of funds understates the degree of effective consolidation in the superannuation industry. While the latest headline figure for the number of APRA-regulated super funds is 81, the effective number of funds lower.

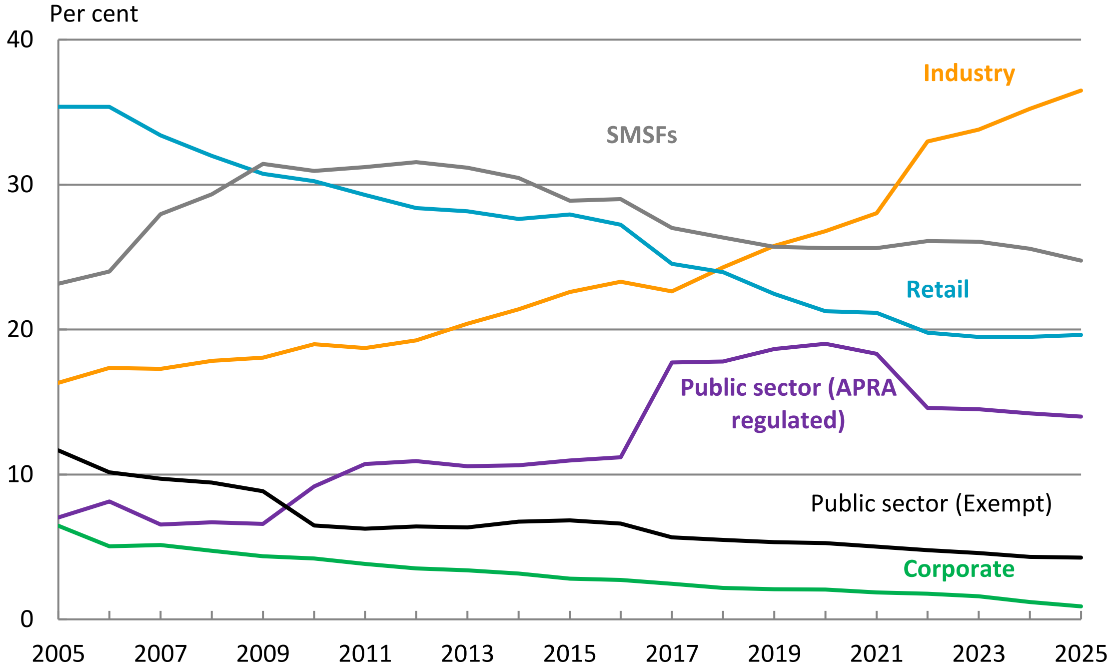
For SMSFs, future growth in the number of funds will depend in large part on government policy, and how this alters the relative attractiveness of SMSFs compared with institutional funds.

Fund sectors: share of total assets

Developments within the fund sectors over the past two decades as outlined above are reflected in the shares of total superannuation assets (Chart 9).

- For APRA-regulated public sector funds, the sharp rise in the share in 2017 reflects the change in the accounting treatment of unfunded superannuation liabilities, while the sharp drop in 2022 reflects the merger of Sunsuper and QSuper (with the new entity – Australian Retirement Trust – classified as an industry fund).
- For SMSFs, periods where SMSF assets have risen most strongly correspond to changes to tax settings that made SMSFs relatively attractive compared with institutional funds.[17]

Chart 9: Share of total assets in the superannuation industry



Source: APRA, *Quarterly Superannuation Performance*, March 2025; APRA, *Annual Superannuation Bulletin*, June 2024; other APRA data and ASFA.

[17] The most significant rate of growth (13 per cent) in the number of SMSFs occurred in 2007. This coincided with the introduction of the then Government's Superannuation Simplification measures, which in effect encouraged the making of large contributions of up to $1 million during a limited transitional period.

6. The market for funds' functions

Broadly speaking, the services and products fund trustees source (whether in-house or outsourced) comprise the wholesale-level supply chain. These services and products include those that funds require in order to operate (such as administration functions), and those that funds ultimately provide to members (such as insurance and advice). With respect to the latter, service providers (in particular, advice) can also interact directly with fund members.

In determining the source of particular functions, fund trustees have a statutory obligation to act in members' best financial interests. As noted earlier, though funds outsource many of their functions, they cannot outsource their responsibility for the performance of these functions.

The major services and products in the supply chain include the following:

- Trustee and legal services
- Fund administration
- Investment management/asset consulting
- Custodial services
- Insurance
- Advice

At each stage of the supply chain, there are numerous providers – which include funds' in-house provision and third-party providers (either from related or unrelated entities). Some entities span different stages of the supply chain. Again, these entities include funds that have in-house functions, and entities that offer a range of services and products to funds.

For some stages of the supply chain, third-party provision is can include providers that specialise in providing particular services/products to superannuation funds. This includes administration services, where significant economies of scale have facilitated a small number of large entities to achieve scale economies from horizontal integration – often though merger.

For other stages of the supply chain, third-party provision is dominated by providers that specialise in particular services/products, but where superannuation funds are just one group of clients. This includes life insurance, where specialist providers offer life insurance (ultimately to retail customers) through a range of channels – including through superannuation funds.

Vertically-integrated financial services institutions may have some, or all, of the required functions within the corporate group structure. Funds within a particular group may outsource to another area of the organisation, or to an unrelated entity. By the same token, the group may offer services/products to funds outside of the group. The prime example is investment management services. Funds within vertically-integrated financial services institutions typically outsource investment management to specialist providers both inside and outside of the corporate group.

All this underscores the competitive and dynamic nature of the industry. Players look to gain a presence in, or expand their existing share of, particular stages of the supply chain. Fund trustees are under a statutory obligation to source functions in the best financial interests of members – which guides decisions about insourcing and outsourcing particular functions. This is a key source of competition in provider markets.

The market structure for each stage of the supply chain differs with respect to the degree of in-house/third-party provision. The evolution of each market structure reflects factors such as the presence of economies of scale for services/products, constraints on market entry and exit, particular regulatory requirements and demand from funds for outsourcing particular functions.

Funds' decisions on insourcing and outsourcing are, in part, the result of competitive pressures. In particular, third-party providers are a source of economies of scale for smaller funds, where the scale of operations of third-party providers is far greater than funds can achieve themselves.

The prime example is the use of third-party administrators where considerable economies are achievable through, for instance, the utilisation of a single information technology system. Third-party providers also may allow funds to provide a higher quality of products and services, and a greater range of products and services, to members than otherwise would be the case.

Funds' decisions on insourcing and outsourcing also reflect risk mitigation strategies. The increasingly complex regulatory environment for superannuation funds has substantially increased the administrative/compliance burden on superannuation funds, which favours outsourcing. On the other hand, insourcing gives funds greater control.

The fees levied on members cover the cost of fund functions, and find their way to the ultimate providers of those functions. As noted above, large commercial financial services institutions provide a range of services and goods to funds (both related and unrelated), including investment management, custodial, insurance and advice.

7. Administration services

The administration functions of superannuation funds are those functions required for the day-to-day running of the fund. Core administrative functions include the following:

- Data management
- Member communication
- Contribution processing and benefit payment
- Call centre operation
- Client accounting
- Insurance premium collection and claim administration
- Statement processing

Funds can choose to administer some or all of such functions in-house, outsource all administration services to a third-party provider (the full outsourced model), or administer in-house using third-party fund administration software and platforms (the quasi-outsourced model).

With respect to outsourcing, small-to-medium sized funds are more likely to have bundled administration arrangements, while larger funds are more likely to have (or be contemplating) unbundled services. For funds that are part of larger corporate groups, such as retail funds, administrative functions are typically integrated into the operations of the particular corporate group.

With respect to third-party providers, there are significant scale advantages in providing administration functions. Not surprisingly, the market is characterised by a small number of large players. Based on fund-level disclosure of administration service providers, Chart 10 shows market share by number of member accounts.

- MUFG Pension & Market Services (formerly Link Group) is the largest. In 2024, Link Group was acquired by Mitsubishi UFJ Trust & Banking Corporation (a subsidiary of Mitsubishi UFJ Financial Group).

- Mercer (Australia) is an integrated provider of superannuation and wealth management services in the Australian market. In addition to administration services, Mercer also is an RSE licensee and operates a number of superannuation funds. Mercer (Australia) is a subsidiary of a US-based public company Marsh & McLennan.
- Grow Inc
- Super Choice Australia

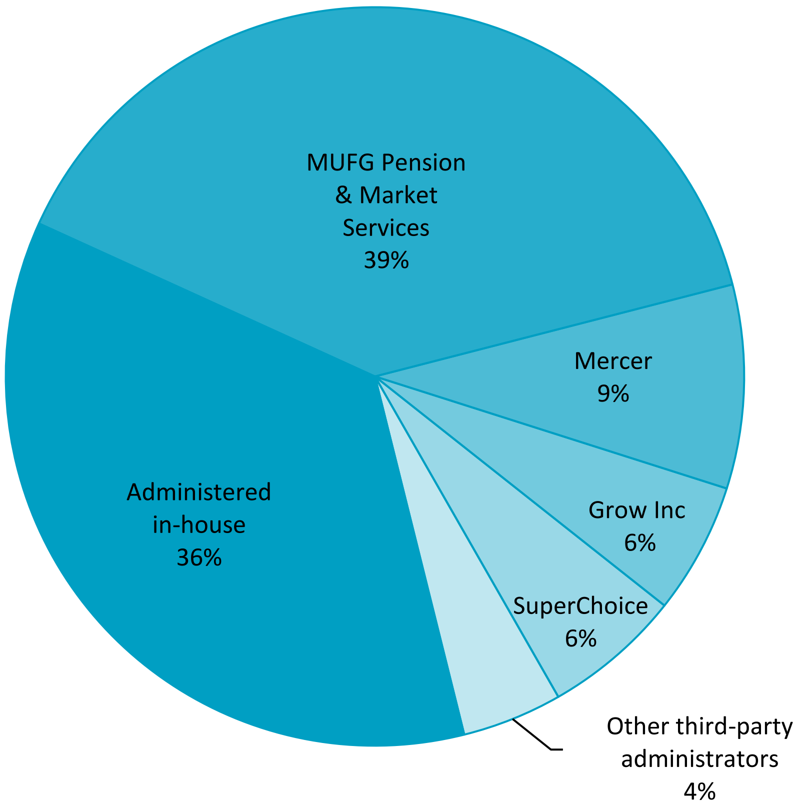
Other providers of administration services include APEX, SS&C and Tech Mahindra.

In-house administrative functions represent a significant part of the market. Larger industry and public sector funds have in-house provision of some or all of their administrative functions (for example, UniSuper). As noted above, funds that are part of large commercial financial services groups typically source administrative services from within the group.

With respect to the quasi-outsourced model, there are a number of players in the market. Typically, third-party providers supply the IT platform for core administration services, while the superannuation fund administers the operation of the platform using its own staff. Providers of third-party IT administration platforms include Bravura Solutions.

Chart 10: Provision of administrative services, by number of members accounts (June 2025)

Based on fund-level disclosure of administration service providers



Source: Fund disclosures (material service providers); APRA, *Quarterly Fund-level Statistics*, March 2025; and ASFA calculations.

8. Asset consultancy

Asset consultancy services include a broad range of investment-related functions, excluding specific investment management (see Section 11).

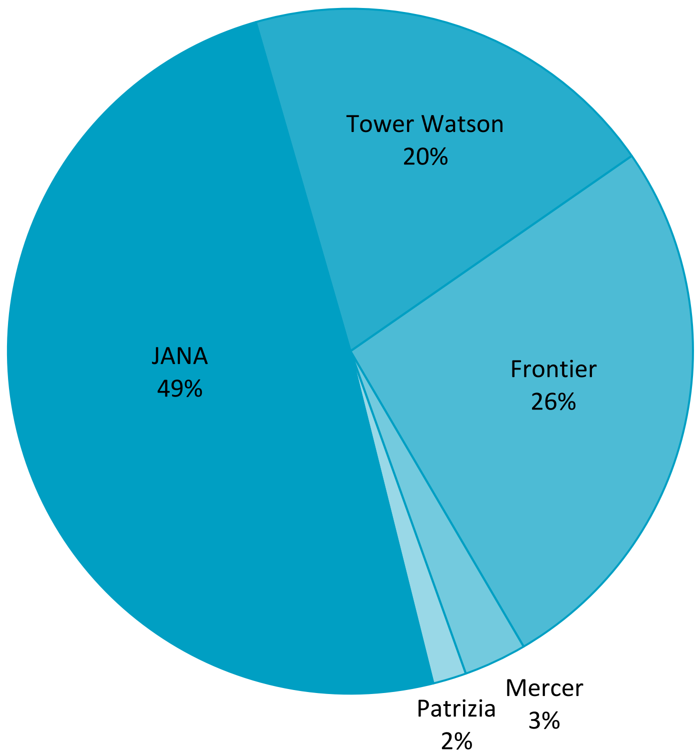
For each fund, the nature and type of services contracted from an asset consultancy will be typically determined by the fund investment committee. Typical services include the following:

- Formulate investment philosophy and objectives
- Design investment options
- For investment options, design strategic asset allocation to meet performance objectives
- Recommend investment strategies and managers for specific asset classes
- Monitor performance of investment options and investment managers

With respect to all-profit-to-member superannuation funds (that is corporate, industry and public sector funds), the bulk of asset consultancy services are provided by external parties. For those all-profit-to-member funds that disclose their external providers, Chart 11 shows market share by the quantum of fund investments.

Chart 11: Asset consultancy providers for all-profit-to-member funds, by fund investments (June 2025)

Based on fund-level disclosure of asset consultant providers



Source: Fund disclosures (material service providers); APRA, *Quarterly Fund-level Statistics*, March 2025; and ASFA calculations.

For retail funds, use of external asset consultancy providers is typically less prevalent. Vertically-integrated financial services institutions, such as the large banks, have many of the functions that are provided by external asset consultants. Overall, related parties account for around two-thirds of asset consulting services to retail funds.[18]

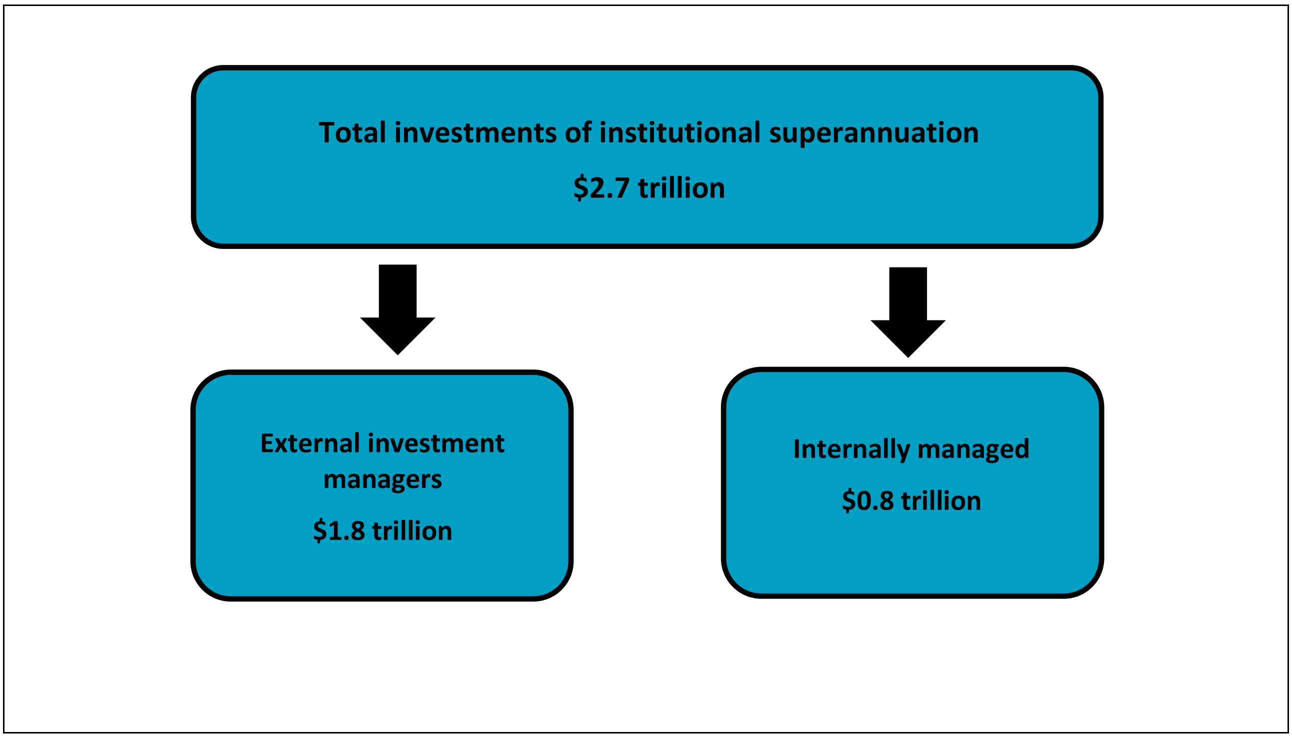
9. Investment management services

The trustees of Australian superannuation funds have myriad choices with respect to investment management.

Most major Australian financial institutions in Australia offer investment management services either directly or through a subsidiary. There are also a large number of boutique investment managers. Foreign institutions offer investment management services in Australia, through Australian-based branches and subsidiaries, and trustees also invest directly with foreign-based investment managers. In addition, fund trustees have the option to invest some or all of the assets of the fund directly.

The investments of institutional superannuation totalled $2.7 trillion in March 2025 (Figure 2). Of that, ASFA estimates that around two-thirds is placed with external investment managers, which includes Australian-based branches and subsidiaries of foreign institutions, and foreign-based investment managers.[19] The remainder is managed internally.

Figure 2: Funds management in superannuation (March 2025)



Source: ABS and ASFA calculations.

[18] Productivity Commission 2018, *Superannuation: Assessing Efficiency and Competitiveness: Report*.
[19] The Australian Bureau of Statistics defines a resident investment manager as one that is ordinarily domiciled in Australia, and includes Australian-based branches and subsidiaries of foreign businesses. All foreign branches and subsidiaries of Australian businesses are included in non–resident entities.

The local investment management market is large. In the December quarter 2023, total funds under management in the local investment management industry was $3.0 trillion.[20] In aggregate, assets from superannuation funds comprised the largest share of assets under management of local investment managers, at around 60 per cent. Other major sources of funds include life insurance corporations, public offer (retail) unit trusts and governments.

There are a large number of providers of investment management services in Australia. Research undertaken by Deloitte Access Economics suggests that there are around 160 managed fund companies in Australia. Fund managers vary from small, boutique outfits to large multinational organisations, to vertically-integrated businesses that are part of a wider portfolio of large financial institutions.[21]

Deloitte also finds that the market is dominated by a few large companies, with 10 fund manager companies representing around half of domestic industry.[22] The largest players in the domestic market include the investment management arms of Australian banks, and local subsidiaries and branches of large global wealth management institutions. The competitive nature of the industry means that the relative size of the top players can change markedly from year to year.

Typically, individual superannuation funds will use the services of more than one investment manager, where different investment managers are selected to invest in particular asset classes, or with respect to a particular investment mandate. This is a significant source of competition in the investment management industry.

Over the last decade, (typically) the larger superannuation funds have internalised some investment management functions. AustralianSuper, Aware Super and UniSuper are among the biggest superannuation funds that internally manage a large proportion of their investments. With respect to asset classes, Australian equities account for the largest share of superannuation assets being internally managed, followed by cash, international equities and Australian bonds.[23]

10. Custodial services

Custodians provide a range of services to superannuation funds, and the broader financial system, which pertain largely to the safekeeping of assets and the production of information flows.

There is no strict legal requirement for trustees to appoint a custodian. However, in practice, the overwhelming majority of trustees do appoint custodians, and APRA has endorsed this as 'best practice'.[24]

The services provided by custodians have evolved over recent years:

- Core roles include those related to managing the rights attached to financial assets – securities registration, collection of investment income (dividends and interest), settlement of transactions and trade confirmation.
- Custodians also will typically be responsible for a variety of what can best be characterised as informational services – such as portfolio valuation and periodic reporting to fund trustees.

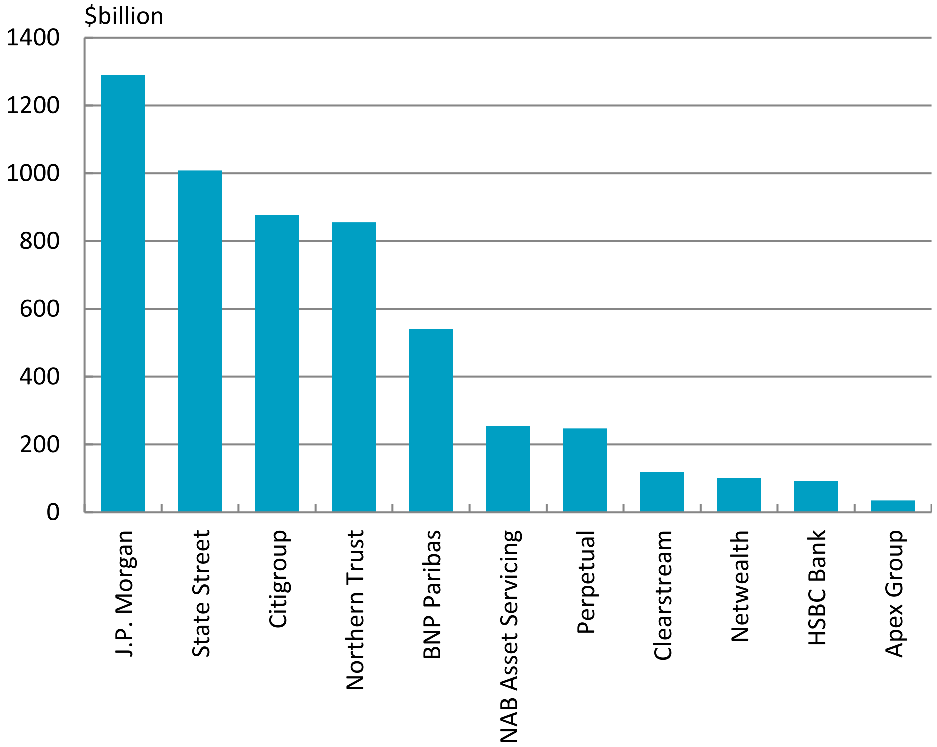
[20] Australian Bureau of Statistics, *Managed Funds Australia*, ABS Cat no. 5655.0, December quarter 2023.
[21] Deloitte Access Economics 2021, *Competition in Funds Management*.
[22] ibid.
[23] Rainmaker, *Asset Consultant Market Share 2020*.
[24] Donald, M. S. and Nicholls, R. 2014, *Bank Custodians and Systemic Risk in the Australian Superannuation System*, University of New South Wales Centre for Law, Markets and Regulation, CLMR Working Paper No. 14 4, July 2014

- Other services custodians provide to trustees include undertaking foreign exchange transactions, facilitating securities lending and borrowing, and arranging proxy voting.[25]

There has been significant consolidation in custodial services over the past few decades. With respect to custodial services for the financial system at large, local institutions have tended to withdraw from providing third-party custodial services (though some of these have retained in-house custodial functions). As a result, it is the large international custodians that dominate the local market.

With respect to the broader financial system, as of December 2024 the top three service providers accounted for approximately 60 per cent of the market (Chart 12).[26] With respect to locally-based providers, NAB is the largest player in the market.

Chart 12: Total Australian-investor assets under custody (December 2024)



Source: Australian Custodial Services Association and ASFA.
Note: This is for total Australian investor assets under custody, so is broader than for Australian superannuation assets.

11. Insurance

Institutional superannuation funds typically offer members insurance cover for disablement and/or death (hereafter, collectively referred to as life insurance).

With respect to MySuper accounts, members under 25 years of age, or with an account balance under $6,000, have to opt-in to be able to qualify for automatic (default) insurance.

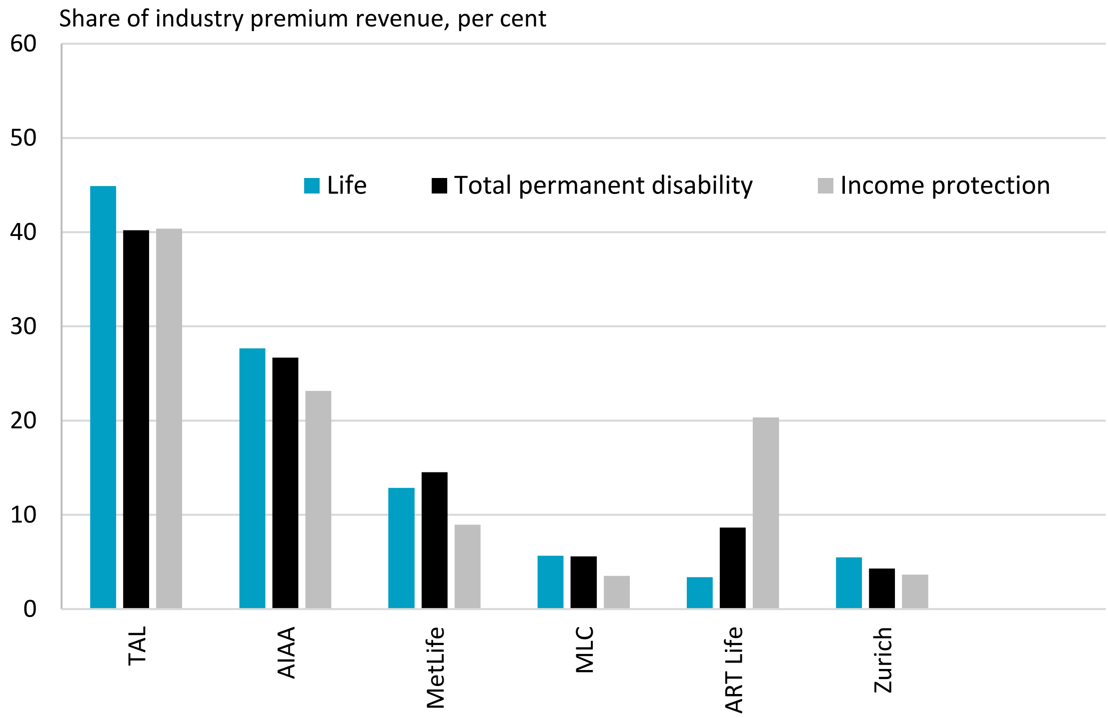
[25] ibid.
[26] Australian Custodial Services Association, http://acsa.com.au/?page=AUSCustody, accessed June 2025.

The Australian market for life insurance comprises two main segments – life insurance sold directly to the public (retail) and life insurance intermediated via superannuation funds. The latter generally is provided as group insurance, where a single contract covers an entire group of people within a fund.

Overall, the Australian life insurance market comprises around 20 companies that directly write life insurance. Among these are a small number of large providers, and a larger number of smaller players – some of which service specialist markets. The major players in the Australian life insurance market are foreign financial institutions.

With respect to group insurance to superannuation, the market is more concentrated – with only 6 key players. The top three providers (all foreign entities) account for around 80 per cent of total premium revenue from the three key forms of insurance that is generally offered through superannuation (Chart 13).

Chart 13: Providers of group life insurance, by policy revenue (December 2024)



Source: APRA, *Life Insurance Claims and Disputes Data*, December 2024; and ASFA.
Note: Net policy revenue is policy revenue net of outward reinsurance premiums.

For retail superannuation funds, insurance is often—but not always—provided by a related corporate entity. Some of Australia's large commercial financial services institutions have life insurance arms within the broader corporate group. It is therefore unsurprising that trustees within these organisations often source life insurance services from within the same corporate group – noting that fund trustees have a statutory obligation to consider members' best interests in selecting insurance.

For industry, corporate and public sector funds, life insurance is almost exclusively provided to members via external providers. A major exception is Australian Retirement Trust. In 2015, it (then QSuper) established a wholly-owned registered life company that provides life insurance to members: formerly QInsure, now Art Life.

12. Advice

Most Australian superannuation funds provide at least some advice options for their members.

Personal advice is financial product advice that takes into account of, at least one of, the client's personal financial circumstances. General advice is all other financial product advice (if *scalable* advice is scaled according to a client's needs, then by definition it cannot be general advice).

- Financial product advice includes a recommendation (even an implied recommendation) about a financial product.

Scaled advice is financial advice where the subject matter of the advice has been scaled down and tailored to particular (and sometimes singular) personal financial circumstances of a client, at the instigation of the client (scaled advice is not holistic financial advice that takes into account all of the client's relevant personal circumstances).

Superannuation trustees and financial advisers can provide scaled advice on key "intra-fund" advice issues such as:

- Insurance in the client's existing superannuation fund.
- Choice of investment options in the clients existing superannuation fund.
- The client's ability to access their superannuation early due to severe financial hardship.
- How to best contribute to superannuation (having regard to client's age, salary, and issues relating to before tax and after-tax contributions).

Intra-fund advice generally refers to limited/scaled personal advice that a superannuation trustee can provide to a member about their superannuation account without an additional fee being charged to the individual member. The cost is typically covered by the collective administration fees paid by all members of the fund.

Accordingly, intra-fund advice is not a type of advice. Rather, it refers to the cross-charging mechanism, which can apply to both general and personal advice. Trustees commonly outsource the provision of intra-fund advice (sometimes to a related party), with the fund covering the costs.

While intra-fund advice does take a member's personal circumstances into account, the advice cannot relate to financial products outside the superannuation fund.

Legislation does not provide guidance on the types of personal advice that are permissible as intra-fund advice, but it does specify the types of personal advice that cannot be cross-charged as intra-fund advice. For example, intra-fund advice cannot cover advice on whether a member should consolidate their superannuation holdings into one account.

Provision of advice through superannuation funds is part of a larger advice market. Australians can obtain advice on financial products through a number of channels, including superannuation funds, banks, dealer groups and insurance companies.

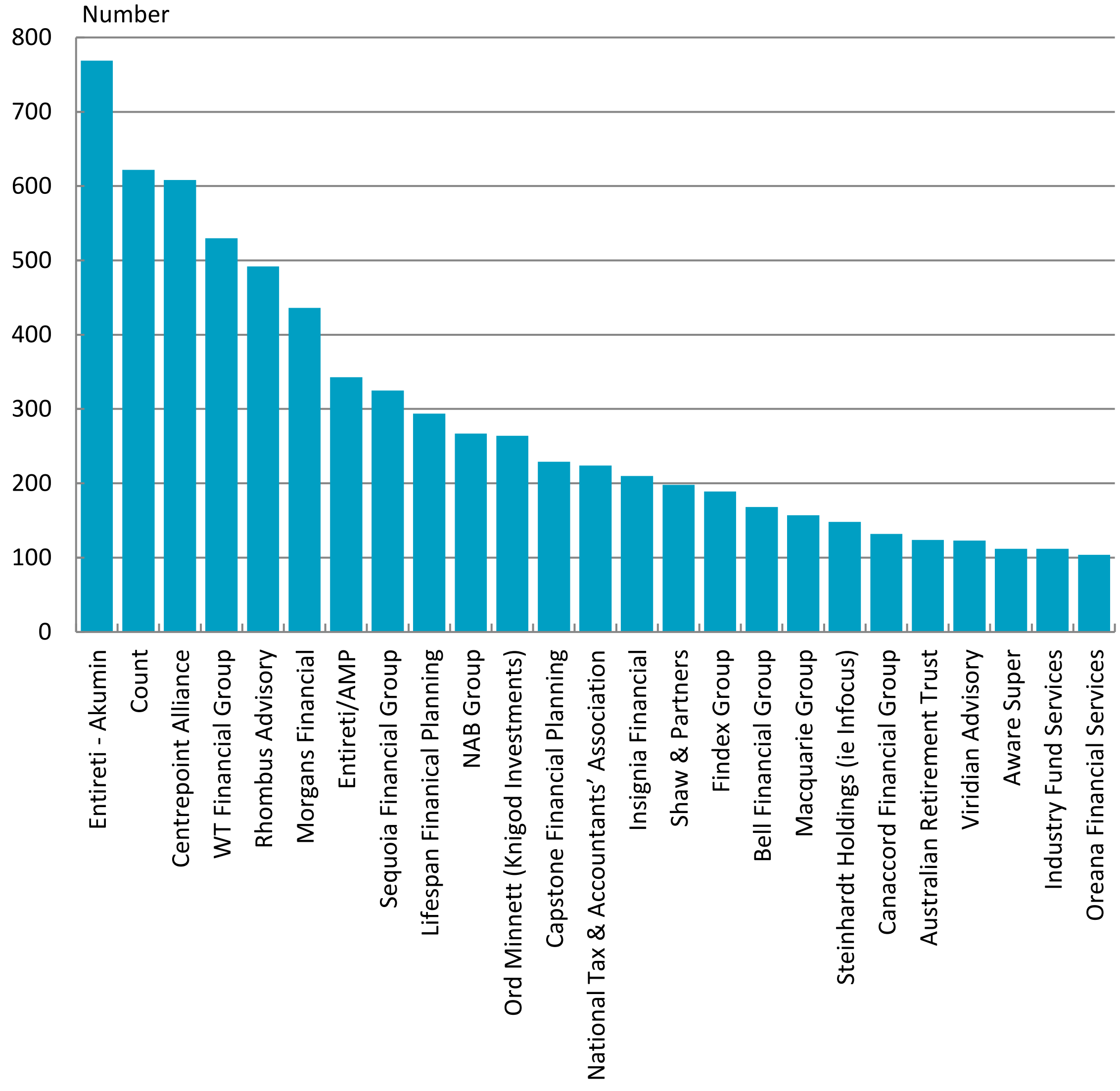
Overall, ASIC data shows that as of June 2025 there were approximately 16,000 persons licensed to provide personal advice in Australia, though not all of these are active advisors. These advisors are aligned with over 1,900 separate corporate entities, from single advisors to large dealer groups.

Historically dealer groups were the distribution arms of financial institutions for financial planning services. However, increasingly dealer groups are providing services, especially licensing, for individual financial planners or other entities. In a number of cases, a single large corporate entity controls a number of separate dealer groups – often the result of acquisition activity.

The market structure has changed markedly over the last decade. For many years, Australia's big retail banks and AMP dominated the advice market. Following significant merger activity over recent years, Chart 14 shows the largest consolidated entities with 100 or more advisors.

Notwithstanding significant industry consolidation in recent years, there are still a large number (around 80) of mid-size operators in the market with between 20 and 100 advisors.

Chart 14: Number of licensed advisors, by controlling entity (June 2025)



Source: ASIC Financial Advisers Dataset and ASFA.

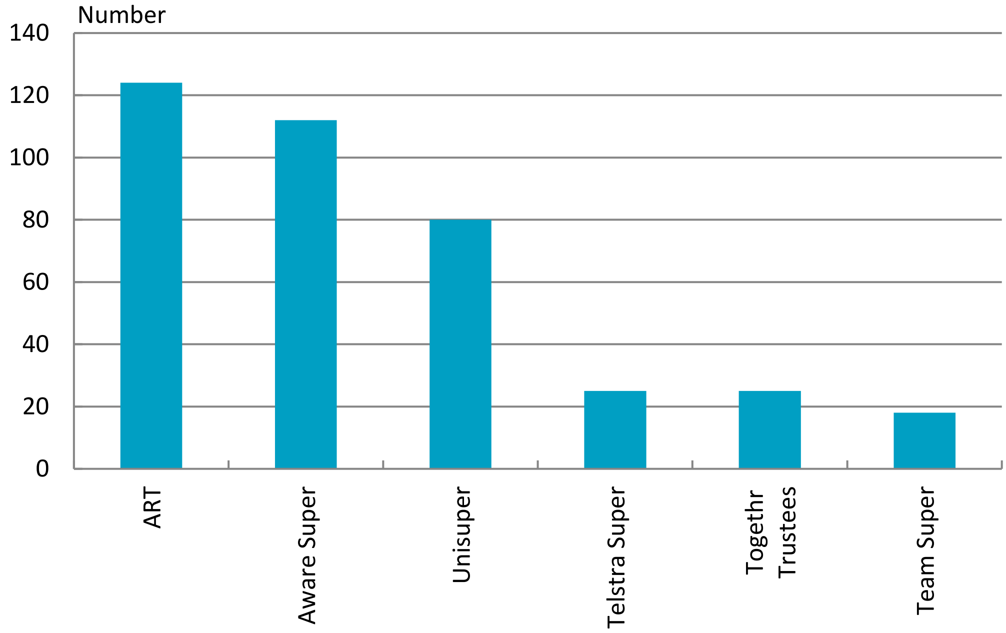
In providing advice services to members, the superannuation industry engages a subset of the total universe of financial advisors. Approximately 90 per cent of advisors licensed to provide personal advice can provide advice on superannuation products. However, only a small proportion of these would be directly employed by a superannuation fund.

For superannuation funds, there are a number of ways that trustees can structure their advice capacity, through a combination of in-house and outsourced advisors.

With respect to the retail sector, the large commercial financial services institutions can have significant networks of financial advisors (often comprising multiple dealer groups). These organisations provide advice services to fund members from multiple funds.

Some of Australia's largest industry and public sector superannuation funds have significant in-house advice capacity. For a sample of large industry and public sector funds, Chart 15 shows the number of advisors that are licensed with particular funds.

Chart 15: Number of licensed advisors, by entity (June 2025)



Source: ASIC Financial Advisers Dataset and ASFA.

In another form of in-house advice, some funds directly employ advisors that are actually licensed with other organisations. However, the extent of this practice is difficult to determine as it is not captured in the ASIC data.

There is a range of third-party providers in the market. For many organisations that provide services to fund trustees, advice services represent just one of those services. Perpetual has around 70 licensed advisors, Mercer has around 40 licensed advisors and Mitsubishi UFJ Financial Group has approximately 50 licensed advisors. Industry Fund Services is a source of outsourced advice (and other services) for industry funds and has 112 licensed advisors.[27]

Some superannuation funds have combinations of the above models. For example, some funds outsource the provision of comprehensive advice to their members but retain intra- fund advice services in-house.

[27] ASIC Financial Advisers Dataset and ASFA.

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