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Superannuation Legislation Amendment Regulation 2013 Exposure Draft

National Seniors Australia (National Seniors) welcomes the opportunity to comment on the Superannuation Legislation Amendment Regulation Draft.

With 200,000 individual fee-paying members aged 50 and over across the country, National Seniors is the consumer lobby for older Australians.

Product Dashboard Disclosure

National Seniors supports the proposed new requirement that obligates trustees of registrable superannuation entities to create a product dashboard document and make it publicly available.

1. National Seniors recommends that a table should be mandated as a component of the product dashboard document. The table should represent the net return performance, including the use of red text to represent negative net returns and negative variances under the targeted returns (see below).

The current proposal only requires the net return performance to be presented in chart format, which some superannuation members, including older members may find difficult to follow; the inclusion of a table would ensure more consumers understand the performance of their superannuation product.

Net Return Performance	2004	2005	2006	2007	2008
Target Net Return	7%	7%	7%	6%	6%
Actual Net Return	8%	10%	3%	-2%	-1%
Variance in Net Return	1%	3%	4%	8%	7%

2. National Seniors recommends that the level of risk disclosure be expanded to include not only the number of negative returns but also include the average risk (number of negative returns) for all superannuation funds combined.

It is important that all superannuation fund members including seniors can quickly determine if their superannuation product/fund is performing above or below the average.

National Seniors supports the requirement to publish the product dashboard on the funds web site and the requirement for the fund to provide the dashboard as a component of the periodic statement provide to members.

3. National Seniors recommends that all members should be entitled to request a physical copy of the product dashboard document be sent to their address at any time and that this request be accepted by phone, email and/or written request.

Many seniors still do not have access to the internet or have a very low level of internet skill¹ and are therefore unable or not comfortable communicating online or through email. Traditional channels of communication must still be utilised to provide the product dashboard document to achieve the desired level of disclosure.

Portfolio Holding Disclosure

National Seniors welcomes the increased disclosure requirement for trustees to publish the portfolio holdings on the funds web site. The proposed table format is an acceptable approach for disclosing this information.

National Seniors is pleased that the Government has taken the further step to ensure that the true nature of the fund's portfolio is disclosed to the members by requiring that when investments in a financial product are then invested in another financial product that this secondary investment information is also disclosed.

4. National Seniors recommends that the portfolio holdings are also provided as a component of the periodic statement sent to members and is also available on request at any time.

National Seniors supports the requirement to disclose the fees of superannuation products within the Product Disclosure Statements.

5. National Seniors recommends that the fees that do not fall within the categories of the proposed tables are still disclosed within the table by adding additional rows.
6. National Seniors recommends that a consistent format (text size) be applied to all information regarding any possible fees. For example the same size text should be used both within the table and for any footnotes.

Disclosing all the fee information in one location and applying consistent formatting will ensure that all fees and related information is provided to superannuation fund members in a format which improves the members' understanding of their obligations and risks associated with their superannuation product.

Disclosure of Remuneration

National Seniors welcomes the proposed obligation that the remuneration of each director or other executive officer or each trustee of the registrable superannuation entities be published, and kept up to date, at all times on the funds web site.

National Seniors is pleased that the Government has also included the requirements to disclose when funds attributed to the services provided by a director are paid to an organisation rather than to the director personally.

¹ Productive Ageing Centre (2011) Older Australians and the Internet: Bridging the Digital Divide National Seniors Australia.

The current situation where the fees of directors and executive officers of superannuation funds are not required to be disclosed is unacceptable, considering the quantity of these fees and the long term precedent for disclosing directors and executive officers fees for public companies.

7. National Seniors recommends that the directors and executive officers fees are also provided as a component of the periodic statement sent to members and also available on request at any time.

Winding-up Proceeding- technically insolvent defined benefit funds

National Seniors welcomes the removal of accumulation benefits from the minimum benefit index formula, thereby removing the current situation where the funds of accumulation members are reduced twice, once by the adverse investment returns and once by the application of the minimum benefit index.

National Seniors represent the interest of older Australians with accumulation superannuation accounts and defined benefit accounts. National Seniors believes that the proposed change will result in a more equitable result for all members of a technically insolvent fund.

Lifecycle Investment Strategy

National Seniors welcome the addition of factors other than age to be used to design a lifecycle investment strategy, including account balance, gender and time remaining to retirement (*in the opinion of the trustees*).

National Seniors believes that the additional factors will allow for the development of a more tailored and appropriate investment strategy which better meets the needs of the individual. However, National Seniors believes that a more accurate estimate of the individual member's time to retirement should be determined rather than relying on the opinion of the trustees.

8. National Seniors recommends that trustees of registrable superannuation entities are obligated to directly ask the members when they intent to retire as the first step of designing a lifecycle investment strategy.

National Seniors welcomes the majority of the changes proposed in the draft regulation. However, we hope that the Government will implement National Seniors recommendations further obligating the trustees to increase the level of disclosure and consumer protection and to use a variety of communication methods to educate and increase the understanding of all superannuation fund members, including older members.

Yours sincerely

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Chief Executive Officer

