



Campaign Media Release

PRIME MINISTER DEPUTY PRIME MINISTER MINISTER FOR FINANCIAL SERVICES, SUPERANNUATION AND CORPORATE LAW

LABOR HELPS FAMILIES SAVE WITH SIMPLER LOW-COST SUPER

The Prime Minister, Deputy Prime Minister and Minister for Superannuation today announced that a re-elected Gillard Labor Government will allow super funds to offer a simple, low-cost superannuation product called “MySuper” from 1 July 2013.

This key component of the Gillard Labor Government’s economic plan will work with other initiatives to increase the efficiency of the superannuation system and to lower fees by up to 40 per cent. For a 30 year-old worker on average wages this would lift their retirement savings by \$40,000.

This initiative builds on the substantial benefits delivered by the Prime Minister’s breakthrough agreement on the mining tax, including a historic boost in the superannuation guarantee from 9 to 12 per cent for 8.4 million Australians.

Taken together, these reforms will add almost \$150,000 to the retirement superannuation balance of an average 30 year old worker.

Access to safe, low-cost and simple superannuation is essential to help Australians’ retirement savings go further. By 2050, almost one in four Australians will have reached retirement age, compared to one in seven today.

You don’t get a bill in the post, but Australians currently pay around \$85 a month in superannuation fees, which is more than the average person’s monthly mobile phone bill.

Every dollar Australians save in unnecessary superannuation fees directly boosts their retirement savings, helping them to enjoy a secure retirement.

MySuper is a new default superannuation product that has no unnecessary fees or charges and simple features that will make it easier to compare fund performance.

Labor will introduce tough new standards that providers of MySuper products must meet including:

- No entry fees, with exit fees limited to cost-recovery.

- A ban on commissions and conflicted remuneration structures in relation to retail distribution and advice in line with Government's financial advice reforms.
- New duties that require superfund providers to deliver value for money or be stripped of their licence by the regulator.
- A single, simple and easy-to-understand investment option designed to maximise a person's retirement income.
- Standardised reporting requirements in plain English.

MySuper funds will be licensed by APRA, who will also monitor and publish MySuper fund investment returns and costs to ensure members are getting value for money. Anyone making contributions to superannuation will be able to open a MySuper account.

Labor will also work closely with the superannuation industry and employers to improve the administration of the superannuation system, making it cheaper and easier for employers and fund members to do simple things like make superannuation payments or find lost accounts.

An important first step is better use of Tax File Numbers (TFNs) to locate lost accounts and help members consolidate and switch accounts. Federal Labor will introduce legislation to ensure that, from 1 July 2011, an individual's TFN will be the primary identifier of member accounts. This will be subject to strict conditions to ensure privacy and security of information.

A full response to the Cooper review will be released by a re-elected Gillard Labor Government by the end of 2010, following further industry consultation.

MySuper continues Labor's commitment to increase the retirement incomes of all Australians. We have already:

- Provided more support for pensioners through reforms that have driven increases of more than \$100 a fortnight in the age pension for singles and \$74 for couples.
- Committed to increase the Superannuation Guarantee to 12 per cent by the end of the decade, boosting the retirement incomes of 8.4 million working Australians.
- Announced a ban on commissions and other conflicted remuneration structures for financial advice through the *Future of Financial Advice* reform package.

The Gillard Labor Government will provide APRA and ASIC with \$21.1 million over the forward estimates to implement these reforms. This cost will be recovered from the superannuation funds through existing APRA supervisory levy arrangements and will have no net impact on the budget.

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