

Media release

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Common sense prevails in superannuation shake up

The Australia Institute today welcomed the Government's shake up of the superannuation system.

"Common sense has finally prevailed," said the Institute's Deputy Director Josh Fear. "The overwhelming majority of super fund members want more simplicity not more choice. Since the Howard Government introduced Choice of Fund in 2005, many people have been forced to make decisions they don't understand, and some have been ripped off by super funds that are more expensive than they need to be."

Previous analysis by The Australia Institute showed that moving to a system of low-cost default funds could save an average wage earner between \$60,000 and \$100,000 on retirement – even more than the Government's estimate of \$40,000.

"The new emphasis on net value for money over the long term means that people who are entrusted to look after other people's superannuation savings will now need to minimise fees, not just maximise returns. This will mean that ordinary workers lose less of their retirement incomes to investment managers trying to second-guess the market," said Mr Fear.

"Helping people consolidate their super accounts using tax file numbers will also reduce the aggregate amount of fees paid each year on super fund balances – currently some \$14 billion," Mr Fear concluded.