

Media release

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Consumers the big winners from Cooper Review

The recommendations of the Cooper Review into Australia's Superannuation System could boost super payouts by as much as \$100,000, according to analysis by The Australia Institute.

This is even higher than the government's estimate of an additional \$40,000 in extra retirement income for an average wage earner.

The centrepiece of the Review's recommendation is MySuper: the requirement that all default funds which cater to the millions of Australians who are disengaged from their superannuation are simple, low-cost and take the burden of decision-making away from those who do not want it.

If implemented, the MySuper proposals would drastically reduce the fees that super fund members are paying for extensive choice most do not take advantage of.

The Australia Institute used the Cooper Review's own commissioned modelling, carried out by Deloitte, to calculate that someone on an average income could increase their final payout by between \$60,000 and \$100,000 if fees drop to predicted levels.

"The strong and vocal resistance to MySuper by the for-profit retail sector is quite predictable because it would mean the end of a system which until now has allowed retail funds to profit at the expense of ordinary workers, through high fees and hidden financial advice commissions," said Institute Deputy Director Josh Fear.

"Instead of providing the majority of Australians with low-cost, straightforward default super funds, many players in the retail sector have spent their energies chasing the most profitable clients, who they believe want extensive choice. The rest just have choice forced on them.

"In this sense the retail funds are guilty of the very mistake that they argue the Cooper Review has made: imposing a one-size-fits-all approach on everyone," said Mr Fear.

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