



8 million Aussies to get a super boost



MILLIONS of workers will get a savings boost of \$40,000 and be able to easily check their expected retirement nest egg, as part of a superannuation revolution.

High-cost fees and commissions that gouge thousands from super accounts will be slashed for about eight million Australians.

And a high-level review to the Gillard Government recommends new powers to enable people to compare different super schemes – and switch to another if they feel they are being ripped off.

As revealed by *The Advertiser*, the Cooper review of superannuation has found millions of Australians paying excessive fees and charges – even on basic accounts. It has criticised the current system as complex and a mystery to most Australians – and wants the reform to ensure most workers are able to retire with extra savings in their pocket.

In another potential elec-

tion sweetener, the review recommends a no-frills MySuper product be introduced within two years. The new scheme would deliver a healthier return and reduce the fees for about 80 per cent of workers.

For instance, super funds would no longer be able to gouge thousands of dollars in exit and other fees.

According to the Cooper review, these reforms would slash fees by 40 per cent and deliver a \$40,000 savings dividend for a 30-year-old worker who saves until the age of 67.

The review, chaired by Melbourne lawyer Jeremy Cooper, also wants to make it easier for people to check how much they are being charged. Standard product “dashboards” – offering a quick check on fees and forecast returns – “would lift the fog that has clouded” superannuation, the review claims.

And the Gillard Government agrees.

The Minister for Financial Services and Superannuation, Chris Bowen, welcomed the report and backed the overall thrust of the reforms.

“The principle of a low-cost default fund is one that most Australians would embrace. I want fees to be lower,” Mr Bowen said.

About 11 million Australians have superannuation and there are 33 million active accounts. But Mr Bowen said the sector – which already holds \$1 trillion in funds – needs to be modernised.

“Superannuation has served Australia very well over the last 20 years; but it needs to be dragged into the 21st century,” he said.

In stark contrast to the Henry review of taxation, the Cooper review has well and truly flagged its reforms.

Key stakeholders backed the changes, with National Seniors Australia chief executive Michael O’Neill saying that a superannuation overhaul “is well overdue”.

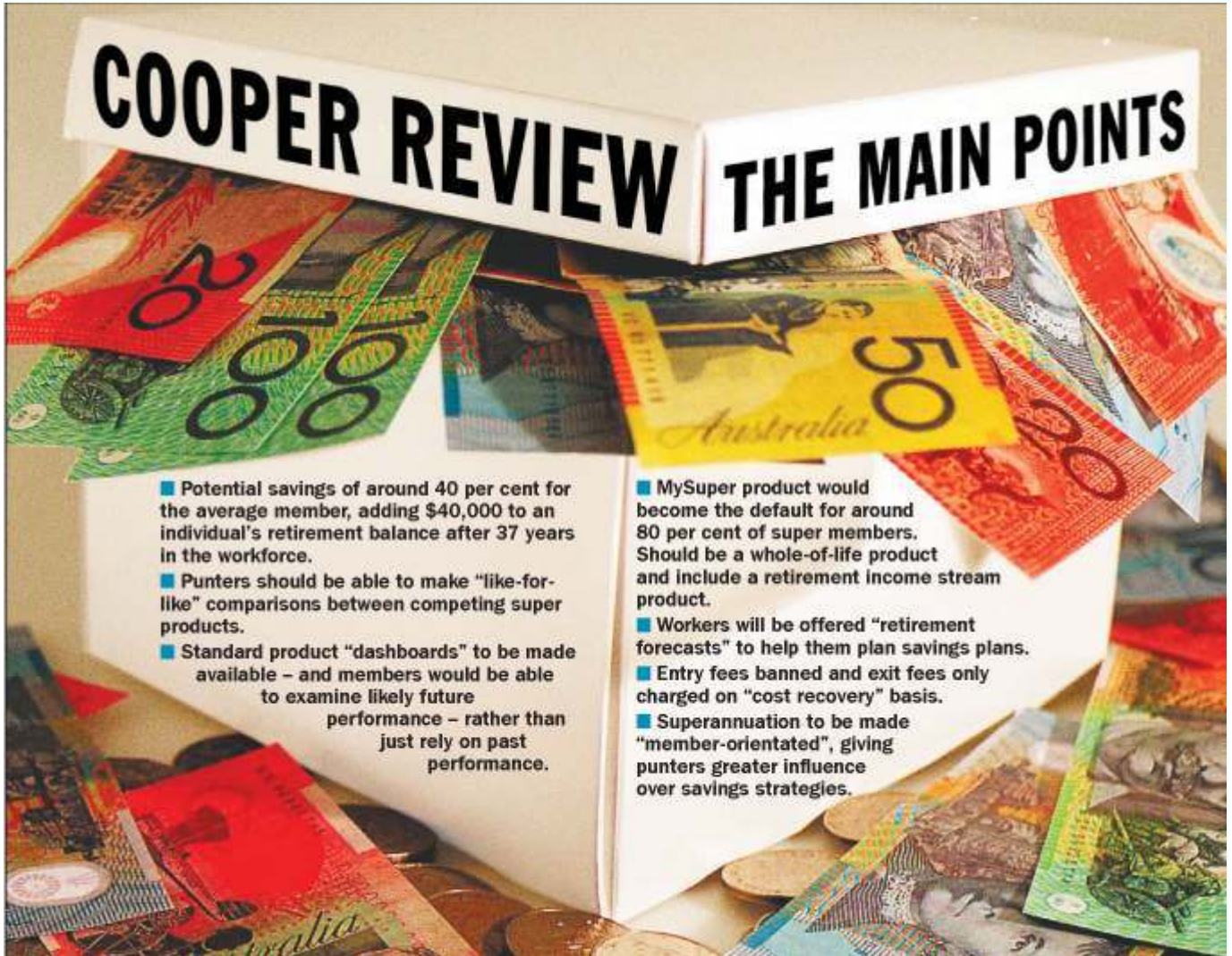
“As it stands, the superannuation system is industry-oriented, difficult to navigate and plagued by trailing commissions and hidden fees,” Mr O’Neill said.

But the Investment & Financial Services Association – which represents retail super funds – slammed MySuper as “overly paternalistic”.

“MySuper is likely to increase cost rather than reduce cost,” IFSA chief executive John Brogden said.

However, the Government believes it’s on an election winner with these super reforms. Among key recommendations, the Cooper review says the “presentation of retirement forecasts” should be compulsory as part of MySuper.

This will allow individuals to find out what their projected retirement savings are – based on their current salary and how much longer they have in the workforce.



COOPER REVIEW THE MAIN POINTS

- Potential savings of around 40 per cent for the average member, adding \$40,000 to an individual's retirement balance after 37 years in the workforce.
- Punters should be able to make "like-for-like" comparisons between competing super products.
- Standard product "dashboards" to be made available – and members would be able to examine likely future performance – rather than just rely on past performance.
- MySuper product would become the default for around 80 per cent of super members. Should be a whole-of-life product and include a retirement income stream product.
- Workers will be offered "retirement forecasts" to help them plan savings plans.
- Entry fees banned and exit fees only charged on "cost recovery" basis.
- Superannuation to be made "member-orientated", giving punters greater influence over savings strategies.