



Actuaries Institute urges overhaul of superannuation 'dashboards'

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The Actuaries Institute today urged policymakers to overhaul superannuation 'dashboards' to provide consumers with more meaningful and transparent information about the risks, returns and costs of their funds so they can make better informed decisions about their choice of superannuation fund and investment option that affect their retirement savings.

Dashboards were originally mandated by Government to help consumers compare superannuation fund performance in terms of investment risk and return, as well as the fees and costs associated with running the fund. However, the Institute believes that the current dashboards are technically unsound and need to be amended.

"In a climate where consumers need more transparency from financial services providers, our concern is that consumers are making decisions affecting their financial future based on information that may not be meaningful to their needs. The current dashboards provide limited help to consumers and, in some instances, may even mislead them into making decisions that will ultimately reduce their retirement benefits", said, Andrew Boal, Convenor of the Institute's Superannuation Practice Committee.

"Our position is based on a careful review of the current MySuper dashboard structure and we hope that regulators will take notice of our concerns. In particular, the separation of investment fees and costs from administration/advice fees and costs is critical to member understanding of the value they receive from their superannuation fund. Including examples based on several different sized account balances is also important to help members understand the different impact on their retirement savings of dollar based versus asset based fees and costs."

"It is also extremely important that policymakers shift the current focus on the dashboards away from solely short-term investment risks to include a longer term investment risk measure which is far more important to most members," Mr Boal added.

Examples of where dashboards could be overhauled include:

- Use the same form of dashboard for both MySuper and Choice products.
- Replace misunderstood risk labels and introduce a long term investment risk measure.
- Provide a sounder basis for consumers to compare the investment performance of different products.
- Stop using disclosures based only on 'total fees' and instead separate investment fees and costs from administration/advice fees and costs.
- Provide examples which disclose the impact of both dollar based and asset based fees and costs.
- Simplify the description of fees and returns by removing unnecessary and confusing jargon.

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As the sole professional body for Members in Australia and overseas, the Actuaries Institute represents the interests of the profession to government, business and the community. Actuaries assess risks through long-term analyses, modelling and scenario planning across a wide range of business problems. This unrivalled expertise enables the profession to comment on a range of business-related issues including enterprise risk management and prudential regulation, retirement income policy, finance and investment, general insurance, life insurance and health financing.