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Cooper Review endorses not-for-profit, low fee industry superannuation model: unions

Unions have welcomed proposed reforms to superannuation that would give more workers security in retirement through lower fees and simpler super funds.

The Cooper Review has made important recommendations to protect and enhance the superannuation savings of millions of Australian workers, said the ACTU.

It means that along with the proposed increase in super contributions to 12%, working Australians would have tens of thousands more dollars in their savings accounts when they retire, said ACTU Secretary Jeff Lawrence.

“We’re very pleased that the final report of the Cooper Review has recommended the MySuper proposal which picks up the broad-based, low-fee model that unions and industry super funds have pursued for several decades,” Mr Lawrence said.

“Fees and other unnecessary commissions and charges imposed by retail funds erode the savings of too many workers’ leaving them with less to retire on than they should be entitled to.

“Unions welcome that the Cooper Review has in effect endorsed the low fee, not-for-profit model of industry super through its recommendation of a default MySuper product.

“Funds that are not-for-profit, do not pay commissions to financial planners, have lower average fees and a balanced portfolio are the most appropriate default vehicle for providing an adequate retirement income.

“The super fund choice model adopted by the Howard Government has been a failure for working Australians who are confused by the range of products on offer and the lack of disclosure and transparency provided.

“Australians want to be members of a fund that provides good returns, low fees and effective service. MySuper, with industry funds remaining as the default, would deliver this.”

Mr Lawrence said that along with the planned increase in superannuation contributions to 12%, working Australians and their families were set to benefit from two major reforms to over coming years that would allow them to retire with tens of thousands of dollars more.

“The Labor Government has proposed important reforms to address the inadequacy of retirement savings after total inaction during a decade of Coalition government,” Mr Lawrence said.

“Last week’s deal with the mining industry over the resources rent tax has secured improvements to superannuation, including the planned rise of contributions from 9% to 12% and a government contribution for low-income earners.

“These changes would mean tens of thousands of dollars more in retirement for workers. The only thing standing in the way is Tony Abbott and the Liberal Party, whose blanket opposition to a fair share for all is jeopardising better retirement for working Australians.”

Media contact:

Mark Phillips ph (03) 8676 7266 or 0422 009 011; mphillips@actu.org.au