

Tuesday 31 August 2021

Industry super continues to outperform for-profit retail funds

Today the first round of performance benchmarks has been conducted on some superannuation products and once again industry super funds have outperformed for-profit retail funds, despite last minute changes by Treasurer Josh Frydenberg to shield several for-profit funds from the consequences of their historic roting of working people's retirement savings.

More than 80 per cent of the accounts in underperforming funds are in for-profit retail superannuation funds.

The benchmarks sought by the Morrison Government would have excluded administration fees and penalised superannuation funds that invested directly in Australian businesses, jobs and projects.

The union movement argued for, and successfully won, concessions to make the benchmarks more representative of actual performance and value. However, most superannuation funds are still not tested and around a third of funds under management will never be benchmarked under the laws passed by the Morrison Government.

The ACTU calls for all super funds to be equally benchmarked and for-profit retail funds to be phased out so that the no worker loses a single dollar of retirement savings to profit-seeking fund managers.

Quotes attributable to ACTU Assistant Secretary Scott Connolly:

"The benchmarks released today affirm what the union movement has known for decades – you're better off in your industry super fund.

"Despite originally being designed to exclude some fees and penalise some investment types, and last-ditch changes to save for profit super funds, these benchmarks are the clearest indication of the Government's protection racket of for profit super yet. There should be no profit from workers' retirement savings.

"These benchmarks are woefully inadequate in protecting working Australians from being consigned to an underperforming fund. Because of the Your Future Your Super laws, the vast majority of assets in the system haven't even been benchmarked, and more than a third of assets under management will never be benchmarked.

"Millions of Australians will continue to be duped by this Government and the for-profit sector under these benchmarks and remain in underperforming funds that were excoriated by the Hayne Royal Commission. Worse still, millions will be stapled to their fund for life – leaving them hundreds of thousands of dollars worse off by retirement.

"No worker should have their retirement savings syphoned off for profit, and the Government should commit to expanding benchmarks to all products and ensure no worker is stapled to a dud fund."

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