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Workers set to win lower fees and more super in retirement from Govt reforms

Reform of Australia's superannuation system will provide working Australians with more financial security in retirement through lower fees and simpler super funds, say unions.

ACTU President Ged Kearney said working Australians should heartily welcome the Federal Government's Stronger Super package, which will protect and enhance the retirement savings of millions of Australians.

Combined with the Government's commitment to lift the Superannuation Guarantee to 12%, it will result in working Australians having tens of thousands more dollars in their savings accounts when they retire.

Unions helped set up Australia's superannuation system almost 20 years ago and have long championed the low-cost, not-for-profit industry fund model that is similar to the proposed default MySuper product.

"With Australia's population ageing rapidly, unions have been concerned about the adequacy of superannuation savings," Ms Kearney said.

"For too long, the retirement savings of working Australians have been eroded by fees, commission and charges imposed by the for-profit retail funds.

"The reforms announced by the Government is a step towards ensuring the money workers contribute to superannuation is there for them in retirement, and not swallowed up by unnecessary fees and profits.

"The Government's reforms will mean savings of \$2.7 billion a year in fees, with the average 30-year-old worker having up to \$40,000 more in retirement."

Ms Kearney said industry super funds should remain the default option in awards.

"Australians want to be members of a fund that provides good returns, low fees, and effective service. Industry super funds have a long track record of high returns delivered to their members at low cost.

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

"Unions will strongly argue that industry funds should retain that default status."

Ms Kearney said unions would continue bargaining in workplaces for a financially secure retirement for working Australians and their families.

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