



6 April 2016

Division Head
Retirement Income Policy Division
The Treasury
Langton Crescent
PARKES ACT 2600

Email: superannuationobjective@treasury.gov.au

Dear Sir,

Objectives of Superannuation

Retirement is about people. Superannuation is a vehicle which working Australians can utilize to improve retirement outcomes and reduce reliance on Age Pension support.

Superannuation already provides significant incentives for people to save. However many working Australians do not take advantage of these beyond the compulsory superannuation guarantee levels.

Workplace Super Specialists work closely with employees at the workplace encouraging them to take a greater interest in their retirement planning. Those who do take up this advice usually generate better financial outcomes and rely less heavily on the Age Pension.

The primary objective recommended by the FSI is:

To provide income in retirement to substitute or supplement the Age Pension

The WSSA considers this an impersonal definition; forgetting superannuation is about people and we believe that the existence of superannuation is not enough on its own – there needs to be a method of engaging working Australians to be active rather than passive participants in securing their financial security in retirement.

The WSSA proposes the following as the primary objective:

'The objective of superannuation is to support working Australians in providing an income sufficient to maintain a standard of living in retirement similar to that enjoyed during their working lives'

Subsidiary Objectives and Principles

In 2013 a body known as the Charter Group was formed to consider the “**Objectives and Principles of the Australian Superannuation System**”. It reported in the same year and can be found at

[4 Objectives and principles of the Australian superannuation system | The Treasury](#)

The WSSA accepts most of the points made in this report.

Objectives

In the report the three (3) high level objectives for the Australian Superannuation System were to:

- Provide an adequate level of retirement income
- Relieve pressure on Age Pension; and
- Increase national savings, creating a pool of patient capital to be invested as decided by fiduciary trustees.

The WSSA concurs with these as subsidiary objectives.

Principles

The report discussed four (4) principles on which the Objectives should be based, mainly adequacy, sustainability, certainty and fairness.

Principle 1 – Adequacy

Adequacy measures the degree to which the retirement income system enables people to achieve a sufficient standard of living in retirement relative either to the standard they enjoyed while working or as compared to an objective budget standard for retirees.

Principle 2 – Sustainability

Government expenditure, both actual and notional (through tax concessions) on the retirement income system (that is, the Age Pension and superannuation) must be affordable over the long term. Successive intergenerational reports have concluded that population ageing will place substantial pressure on Australia's economy.

Principle 3 – Certainty

People should have sufficient confidence in the regulatory settings and their evolution to trust their savings to superannuation, including making voluntary contributions. Instability in superannuation policy settings can reduce certainty and lead to behavioural change in relation to decisions about investments in various retirement income products and voluntary contributions. People should feel confident that the broad direction of superannuation policy is clearly understood and stable, and that any changes will be consistent with that direction.

Principle 4 – Fairness

A fair superannuation system is one that treats people in the same circumstances equally and is perceived to be fair by the community. Given that building up superannuation is connected with employment, regard has to be had to those, who for a variety of reasons, have not fully participated in the workforce and therefore have less superannuation than others in their age cohort.

The WSSA believes that the primary objective outlined above, supported by the three subsidiary objectives and the four principles, will provide a clearer path for regulators going forward.

All queries can be directed to the undersigned at:

M: 0425213095

E: douglas.latto@wssa.asn.au

Yours Faithfully,

Douglas Latto
CEO, WSSA

Yours Faithfully.

Terry Rhodes
President, WSSA

WSSA & Its Members

Workplace Super Specialists Australia (WSSA) is an association that represents corporate superannuation specialist advisory businesses.

WSSA members provide workplace financial advisory services to thousands of corporate superannuation funds, across metropolitan and regional Australia, and play an essential role in managing Australia's large and growing superannuation savings pool.

Firstly, WSSA members work with Australian companies and their employees by bringing financial education to the workplace at a low cost through structured programmes set in conjunction with employers and policy committees. This provides members with general advice and information to help them improve their decisions about retirement savings and life insurance choices.

Secondly, we work with employers and policy committees to ensure members are getting competitive benefits and features, at a competitive price.

We have 3 important goals

• 01

Member Education

Greater financial literacy.

• 02

Member Empowerment

Arming employees with financial knowledge so that they can make informed superannuation decisions.

• 03

Member Advocacy

Improving employee's individual benefits with superannuation providers at the most efficient price.