



Australian  
Shareholders'  
Association

Australian Shareholders' Association Limited  
ABN 40 000 625 669  
Suite 11, Level 22  
227 Elizabeth Street, Sydney NSW 2000  
PO Box A398, Sydney South NSW 1235  
t (02) 9252 4244 | f (02) 9071 9877  
e [share@asa.asn.au](mailto:share@asa.asn.au)

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Manager, Retirement Income Framework  
Retirement Income Policy Division  
The Treasury  
Langton Crescent  
Parkes ACT 2600

## RETIREMENT INCOME DISCLOSURE CONSULTATION PAPER

Dear Madam/Sir

The Australian Shareholders' Association (ASA) represents its members to promote and safeguard their interests in the Australian equity capital markets. ASA is an independent not-for-profit organisation funded by and operating in the interests of its members, primarily individual and retail investors and self-managed superannuation fund (SMSF) trustees. ASA also represents those investors and shareholders who are not members, but follow ASA through various means, as our relevance extends to the broader investor community.

We refer to the consultation paper on the Retirement Income Disclosure dated December 2018 (**Consultation Paper**).

We are supportive of the move to develop the retirement phase of the superannuation system, with the intention of achieving a better alignment with the underlying objective of the system - to provide income in retirement as a substitute or supplement to the Age Pension.

We see identifying key information and metrics to ensure consumers are supported to make informed decisions about the income, risk and flexibility associated with different retirement income products as beneficial, as is the intention for these metrics to form part of the simplified standardised disclosure for retirement products.

We commend the suggestion that funds should ensure beneficiaries have greater engagement with their retirement savings leading up to and during retirement. However, we urge a greater focus on financial literacy and education regarding the building blocks for retirement products. Deferral of spending and saving for retirement ultimately relies on income generation and protection of capital values which is sourced from a limited number of asset classes. Products referred to in this consultation paper will be invested in cash and fixed interest, shares (domestic and international), property or alternative assets classes with potential insurance aspects. Without some understanding of financial concepts such as diversification, risk and asset classes and their application to building wealth, it is difficult for individuals approaching or in retirement therefore to assess adequately the proposed disclosures of retirement products.

At ASA, we provide education to assist investors to become more informed. As our name suggests, we believe that investment in shares is important to generate income, but we also clarify for investors that they need to consider other asset classes. The Investor journey section of our website, which is in the public domain, is both a roadmap and toolkit for investors, whether they are embarking on their investor journey or seeking to delve deeper into particular areas. It can be found at: <https://www.australianshareholders.com.au/investor-journey>

We are therefore of the view that it is important for superannuation funds to pool their education efforts to broaden access to education relating to investment products. Given they themselves are offering financial products, superannuation funds should also consider partnerships with independent bodies such as ASA. We have seen in the unfolding of the Royal Commission into Misconduct into the Banking, Superannuation and Financial Services Industry that many financial institutions put self-interest ahead of the best interests of the customer. Independence in financial education is therefore essential to assure Australians that their interests come first. We should not rely solely on the providers of financial products to as educators in this area.

Please do not hesitate to contact me should you have any queries.

Yours sincerely

A handwritten signature in black ink, appearing to be 'J Fox', with a stylized flourish above the 'x'.

Judith Fox  
Chief Executive Officer