



24 January 2020

Senate Standing Committee on Economics
PO Box 6100
Parliament House
CANBERRA ACT 2600

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Dear Committee Members,

Thank you for the opportunity to comment on the Treasury Laws Amendment (Your Superannuation, Your Choice) Bill 2019.

UniSuper has previously commented on a similar Bill presented to the 45th Parliament to extend Choice of Fund to those covered by EBAs and certain workplace agreements.

Our main concern with extending Choice is the effect that this likely would have on UniSuper's open defined benefit scheme and our members. We do not believe that this Bill has addressed this concern.

By way of background, UniSuper is the superannuation fund dedicated to employees in the higher education sector. We have about 450,000 members and funds under management of around \$86B. UniSuper has been ranked consistently as one of the best value funds in the Australian superannuation industry for the last 10 years and UniSuper has received a significant number of industry awards. We take pride in the fact that no members in our open defined benefit scheme have lost money, even after material falls in investment markets.

Implications for UniSuper

Almost all permanent employees in the higher education sector are enrolled in UniSuper's open defined benefit division upon joining the sector and receive contributions at rates which significantly exceed the Superannuation Guarantee rate. UniSuper is one of the only – if not the only – open, private sector defined benefit fund. We believe that the Bill would impact UniSuper and our members in a way in which very few other funds would be affected. We are keen to ensure the avoidance of detrimental impacts for UniSuper members and the security of their retirement savings.

In pooled arrangements such as defined benefit schemes, the decisions of some members can impact many members. Changes to the number and characteristics of new members to a defined benefit scheme, particularly changes to the age and career earnings profile of new members, can have flow-on consequences. Such changes likely would result from this Bill.



UniSuper has neither a government or employer guarantee to cover funding shortfalls, nor recourse to additional employer contributions. As a result, the risk of adverse outcomes from changes to experience would ultimately be borne by Fund members.

One of the great strengths of a multi-employer defined benefit scheme is that employees and employers in the relevant sector have consistent superannuation arrangements across the sector and upon changing employment. The consequences of this Bill would put at risk these arrangements and we strongly suggest further consideration is required about this Bill's application to defined benefit schemes, and to UniSuper in particular.

Thank you for the opportunity to provide comments on this Bill. Should you wish to discuss these comments, I can be contacted on [REDACTED]

Yours sincerely,

[REDACTED]

Kevin O'Sullivan
Chief Executive Officer