

## HOUSE OF REPRESENTATIVES STANDING COMMITTEE ON ECONOMICS

### REVIEW OF THE FOUR MAJOR BANKS AND OTHER FINANCIAL INSTITUTIONS

#### Commonwealth Bank of Australia

**CBA75QON: Dr MULINO:** Based on your understanding of the Your Future, Your Super Bill, what are the ways in which a member could be stapled to a product that is underperforming, and what do you see as some of the risks for members of that outcome?

**Answer:** The policy goal of the stapling (single default) reform within the Your Future Your Super legislation is to reduce the incidence of members accruing multiple accounts unintentionally. The Bill requires APRA to conduct an annual performance test for certain products, including MySuper products, and requires a trustee to give notice to its beneficiaries who hold a product that has failed the performance test. Where a product has failed the performance test in two consecutive years, the trustee is prohibited from accepting new beneficiaries into that product until performance improves.

When funds inform their members about the underperformance of their product compared to the performance test benchmark they will also be required to provide them with information about the YourSuper comparison tool. The Government believes this will assist members to choose a MySuper product that best meets their needs.

As the legislation has not yet commenced it is difficult to say what impact the changes will have on member behaviour, but encouraging consumers to become more aware and engaged in the management of their superannuation would be a good public policy outcome.