
Senate Standing Committees on Economics
PO Box 6100
Parliament House
Canberra ACT 2600

Via Email: economics.sen@aph.gov.au

9 February 2024

Dear Committee Secretariat,

Superannuation (Objective) Bill 2023

The Financial Advice Association of Australia¹ (FAAA) welcomes the opportunity to provide feedback to the Senate Economics Legislation Committee on the legislation to define the objective of superannuation.

The FAAA supports the proposed legislation for the establishment of an objective for superannuation. Superannuation is a very important element of Australian society and thus a clearly defined objective is a critical step in defining its role and in guiding future legislation that directly impacts the superannuation system.

In our view, the most important reason for defining the objective of superannuation is to ensure that the Government and Parliament acts in accordance with the long-term best interests of the many Australians for whom superannuation will be essential in supporting them in retirement.

¹ The Financial Advice Association of Australia (FAAA) was formed in April 2023, out of a merger of the Financial Planning Association of Australia Limited (FPA) and the Association of Financial Advisers Limited (AFA), two of Australia's largest and longest-standing associations of financial planners and advisers.

The FPA was a professional association formed in 1992 as a merger between The Australian Society of Investment and Financial Advisers and the International Association of Financial Planning. In 1999 the CFP Professional Education Program was launched. As Australia's largest professional association for financial planners, the FPA represented the interests of the public and (leading into the merger) over 10,000 members. Since its formation, the FPA worked towards changing the face of financial planning, from an industry to a profession that earned consumer confidence and trust, and advocated that better financial advice would positively influence the financial wellbeing of all Australians.

The AFA was a professional association for financial advisers that dated back to 1946 (existing in various forms and under various names). The AFA was a national membership entity that operated in each state of Australia and across the full spectrum of advice types. The AFA had a long history of advocating for the best interests of financial advisers and their clients, through working with the government, regulators and other stakeholders. The AFA had a long legacy of operating in the life insurance sector, however substantially broadened its member base over a number of decades. The AFA had a strong focus on promoting the value of advice and recognising award winning advisers over many years. The AFA had strong foundations in believing in advocacy for members and creating events and other opportunities to enable members to grow and share best practice.

As a very long-term vehicle, it is critical that the policy settings for superannuation are stable and only change for genuinely important long-term reasons. There has been too frequent change to the superannuation system, and this has undermined consumer confidence. Superannuation should not be viewed as a “cash cow” to assist in filling a short term deficit in the budget, and neither should it be a means to divide the Australian community.

Australia has a world leading retirement system that has strong community support. It is essential that superannuation is sustainable over the long term, and changes necessarily require evolution, rather than drastic unexpected change that undermines confidence in the system as a whole. The long-term support and conviction of Australians in the superannuation system is critical and any changes need to balance the objectives of fairness and sustainability and consider the impact on all segments of the population.

Assessment of Legislation and Explanatory Memorandum

The FAAA has made previous submissions in response to Treasury consultations on the Objective of Superannuation. In those previous submissions, we raised a number of concerns, which we believe have been addressed through the Explanatory Memorandum, including.

1. **Not adding unreasonable restrictions on accessing super.** Paragraph 1.24 refers to accessing insurance payments and financial hardship provisions.
2. **Clarity on who superannuation belongs to.** Paragraph 1.27 states that superannuation savings belong to the member. This is a central and important element of the entire regime.
3. **Limitations on accessing superannuation in retirement.** Paragraph 1.26 states that some people may choose to receive their superannuation as a lump sum (from which they may then wish to draw income). Paragraph 1.27 then states a range of spending that may result, including as related to aged care.
4. **Defining dignified.** Paragraph 1.32 makes it clear that ‘dignified’ is a subjective concept, allowing individuals to apply their own values and judgements about what it means.

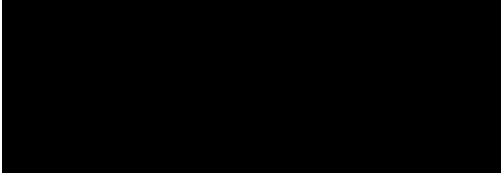
The FAAA believes that the legislation and the Explanatory Memorandum address our previous concerns and provide confidence that this Bill will not negatively impact the superannuation system, which largely works as intended and delivers great value to Australians.



Conclusion

The FAAA is supportive of the proposed defined objective of superannuation, and hope that this will be used as a force for good in promoting careful, balanced, considered and transparent thinking and decision making with respect to the superannuation system.

Yours sincerely,



Sarah Abood
Chief Executive Officer
Financial Advice Association of Australia