



2 August 2016

The Hon Kelly O'Dwyer
Minister for Revenue & Financial Services
PO Box 6022
House of Representatives
Parliament House
Canberra ACT 2600

Email: [REDACTED]
CC: [REDACTED]

Dear Minister,

Objective of Superannuation

The Association of Superannuation Funds of Australia (ASFA), the Australian Institute of Superannuation Trustees (AIST), Industry Super Australia (ISA) and the Self Managed Super Fund Association (SMSFA) are strongly committed to the formalisation of an objective for superannuation that reflects the core purpose of the system in providing adequate retirement outcomes for all Australians. We would greatly appreciate the opportunity to meet with you to discuss the perspective of industry on this important initiative.

The objective proposed by the Financial System Inquiry (FSI), accepted by the government, is a sound starting point for the development of a more holistic objective. It recognises that the superannuation system must provide income to retirees in conjunction with the Age Pension. However, it fails to articulate the social goal of the system to maximise the number of Australians living in comfort and dignity in retirement.

In our respective submissions to the recent Treasury consultation on this matter, we each outlined the critical importance of incorporating a concept of adequacy in the objective. The core purpose of the superannuation system is to deliver income which affords a comfortable standard of living in retirement, over and above what the Age Pension delivers.

We believe that incorporating these elements will establish a primary objective aligned with the core purpose of the system. This, in turn, will ensure that the superannuation system is working towards a clear goal of providing Australians adequate retirement incomes and a comfortable standard of living, now and into the future.

Industry Consensus Position

We believe the primary objective of superannuation should include the following key elements:

- Adequacy/comfortable standard of living
- Superannuation as one of the three pillars

- Income provision
- All Australians

Accordingly, we recommend the following objective:

“To provide an adequate income to ensure all Australians achieve a comfortable standard of living in retirement, supplementing or substituting the Age Pension.”

Our respective organisations had a range of views in relation to secondary or additional considerations for the objective of super and each organisation intends to continue their advocacy of those perspectives.

We understand that the timetable for legislative implementation is imminent and are keen to discuss our recommendation with you in advance of this. We would be pleased to make ourselves available in next fortnight for this purpose. Please contact [REDACTED] [REDACTED] to co-ordinate collective engagement of the signatory entities on this matter.

Yours sincerely

Michael Easson
ASFA Chairman

David Smith
AIST President

Peter Collins
ISA Chairman

Andrew Gale
SMSFA Chairman