

# Recommendations

## Recommendation 1

**2.15** The committee recommends that APRA expand the information provided in its quarterly superannuation statistics to include a regular representative survey of the level of additional contributions above the 9 per cent superannuation guarantee from both employer and employee (salary sacrifice) and other forms of contribution. This should include analysis by income level and gender.

## Recommendation 2

**2.34** The committee recommends that Treasury conduct a review of the laws and regulations governing superannuation to identify how they may be rationalised and simplified.

## Recommendation 3

**2.66** The committee recommends that APRA, in consultation with peak superannuation bodies and academics in particular, undertake empirical research on the strengths and weaknesses of superannuation systems operating in other OECD countries, and that the findings be made publicly available. The aim is to develop a framework for benchmarking Australia's superannuation system against international best practice.

## Recommendation 4

**3.35** The committee recommends that peak superannuation bodies and APRA continue to work with the Australian Accounting Standards Board with a view to forming appropriate compulsory accounting and disclosure by all funds for promotional advertising, sponsorship expenses and executive remuneration.

## Recommendation 5

**3.64** The committee recommends that the government formulate and implement an effective disclosure policy for both product disclosure statements and annual reports to address any deficiencies in reporting related party transactions.

## Recommendation 6

**3.65** The committee recommends that trustees of superannuation funds publicly tender key service provision agreements.

## Recommendation 7

**3.95** The committee recommends that the government's proposed measures to simplify breach reporting be implemented through legislation.

## Recommendation 8

**3.97** The committee recommends that Treasury examine and report to government on the issue of overlapping, inconsistent and conflicting requirements of superannuation funds from a number of regulators.

#### **Recommendation 9**

**4.58** The committee recommends that APRA make available for public scrutiny any legal advice it has received on the role of the trustee in a member investment choice situation, as a starting point for further industry consultation to clarify the duties of trustees of funds that offer member investment choice.

#### **Recommendation 10**

**4.59** The committee recommends that APRA, in consultation with the superannuation industry, review Superannuation Circular II.D.1 to clarify its interpretation of the role of the trustee in a member investment choice situation. The committee further recommends that APRA ensure that its written guidance better integrate the reality of investment choice and the obligations of trustees under the SIS Act.

#### **Recommendation 11**

**4.60** The committee recommends that superannuation funds be permitted as part of reform to the disclosure regime to provide simple, standard advice to members at their request about the appropriateness or otherwise of non-standard default investment options within the fund.

#### **Recommendation 12**

**5.26** The committee recommends that superannuation funds improve the disclosure of their capital backing and/or the risk protection of capital and that APRA assist the industry with the development of disclosure of risk management systems to protect superannuation investors' funds.

#### **Recommendation 13**

**5.33** The committee recommends that the government mandate a uniform unit pricing methodology for all public offer superannuation funds, including any transitional arrangements. The committee also recommends that where unit pricing is utilised improved operational risk parameters are identified and implemented by APRA.

#### **Recommendation 14**

**5.70** The committee recommends that the government examine whether employee salary sacrifice should be paid by the employer at a minimum at the same time as the compulsory SG, and whether employer SG contributions should be paid on the pre-salary sacrifice income.

#### **Recommendation 15**

**5.84** The committee recommends that exit fees that exceed the administrative cost of transfer should be prohibited prospectively.

#### **Recommendation 16**

**5.105** The committee recommends that where a tax file number is attached to a lost account it should be automatically consolidated or rolled together into a member's last active account using the tax file number system. The member should have the right to opt out of the system if they wish. This automatic system

should not apply to a defined benefit account or an account with a significant exit fee.

#### **Recommendation 17**

**6.110** The committee recommends that ASIC provides guidance to superannuation funds on the provision of targeted communication to separate categories of fund members, so called limited advice, without triggering the need for a statement of advice.

#### **Recommendation 18**

**6.114** The committee recommends that ASIC consult further with superannuation funds on the provision of online calculators. Following this process ASIC should provide additional regulatory relief that will better enable funds, without undermining consumer protection imperatives, to use the generic calculator exemption to provide benefit projections for their members.

#### **Recommendation 19**

**6.118** The committee recommends that ASIC should provide accountants with relief from holding an AFS licence in circumstances where they advise clients to alter their superannuation contribution levels or consolidate their superannuation investments into an existing fund.

#### **Recommendation 20**

**6.146** The committee recommends that the government conduct market research on the readability of superannuation product disclosure statements with the goal to introduce simple, standard, readable documentation.

#### **Recommendation 21**

**7.96** The Committee recommends that ASIC work with the industry to provide to investors more effective and detailed disclosure of shelf fees.

#### **Recommendation 22**

**7.142** The committee recommends that the government consult with the superannuation industry with a view to reducing, with appropriate limitations, the constraints imposed by the sole purpose test on the payment of up front fees for financial advice from superannuation accounts.

#### **Recommendation 23**

**7.146** The committee recommends that the government investigate the most effective way to develop with the industry appropriate nomenclature where the product recommendation advice available to consumers is limited by sales imperatives.

#### **Recommendation 24**

**7.148** The committee recommends that ASIC should release a policy statement mandating that financial advisers disclose the ownership structure of their licensee when making a superannuation product recommendation.

### **Recommendation 25**

**7.170** The committee recommends that the government conduct a review of its Financial Literacy Foundation initiatives when their effectiveness is able to be measured against clear performance benchmarks.

### **Recommendation 26**

**8.21** The committee recommends that the active member test be removed from the definition of an Australian Superannuation Fund.

### **Recommendation 27**

**8.23** The committee recommends that fund members be able to draw superannuation pensions 'in specie', in line with existing provisions for lump sum payments.

### **Recommendation 28**

**8.36** The committee recommends that the ATO consider raising the maximum number of trustees for any one SMSF from four to ten, in line with current and future demand.

### **Recommendation 29**

**8.37** The committee recommends that a simple and clear alert warning should be provided to all trustees of an SMSF on their duties and responsibilities, the recommended ASIC minimum maturity figure and the absence of part 23 compensation in the event of theft and fraud.

### **Recommendation 30**

**8.45** The committee recommends that SMSFs run by qualified accountants be audited annually for three years from their commencement and, subject to no irregularities, thereafter every five years. SMSFs found to be non-compliant are to be audited annually for three further years.

### **Recommendation 31**

**8.61** The committee recommends that the accountants' exemption be broadened in keeping with its previous recommendation 1 to amend subregulation 7.1.29A. This would enable accountants to advise clients on the structure of any superannuation fund, rather than being limited to advising on the structure of self-managed funds only.