

Society of Superannuants



Senate Superannuation Committee Submission on:

Choice of Superannuation Funds Bill 2002.

Introduction.

The Society of Superannuants represents a number of Associations with members who are concerned about the member benefits of introducing Superannuation Choice Legislation. SOS Associations and their members understand that Choice can be of benefit to the member but their experience suggests that the Industry will be more interested in generating super profits than educating the members on "How to Benefit from Choice".

In Principle Support.

Notwithstanding the issues raised in the ALP's Retirement Incomes paper on Choice, the Society supports in principle the introduction of Choice legislation. SOS offers the following views on the relevant issues raised by its members.

- **Employee Participation.** Because choice legislation was first proposed a few years ago, many corporate/industry funds were aware that the initial proposal allowed for EBA agreements to override choice. Not all associations were aware that the recent inclusion of superannuation in their "award" would effectively deny their members effective choice. SOS strongly supports legislation that would override certified agreements, awa's and state awards.
- **Portability.** This is essential if the member is to effectively use choice. To be effective SOS requests that legislation permit members to transfer their existing balances together with their existing award entitlements, not just SG contributions, to a fund of their choice.
- **Membership Default Fund.** SOS advocates that industrial associations and/or unions are afforded the right to negotiate with employers to provide a recommended default fund for their membership to endorse via an enterprise/award agreement or a specific membership vote to determine such a fund.
- **Fees.** SOS acknowledges that Entry and Exit fees effectively stymie choice of fund. However, prescribing a fee cap on contributions could deny members access to certain asset classes of their choice.
- **Disclosure.** Meaningful disclosure is a fundamental necessity if members are to be able to adequately compare funds.
- **Education.** The provision of education is essential if members are to understand both the risks and rewards of fund and/or investment choice. How education is to be paid for is a matter of considerable concern to both members and their fund. SOS would suggest that Choice legislation adequately proscribe how education will be delivered and how it will be paid for.

The Society would like all Senators for the opportunity to make known the views of its membership.

Prepared by.

**Captain Ian Woods, BEc,
President.**

Society of Superannuants
www.sosaustralia.org

SAVE OUR SUPERANNUATION

SINK OUR SURCHARGE

Level 11, 28 Margaret Street, Sydney NSW 2000, Australia.
Tel: +61(2) 9273-0000, Fax: +61(2) 9273-0033, Freecall: 1800-800-002
Email: administrator@sosaustralia.org

RECEIVED TIME 29. AUG. 12:12 PRINT TIME 29. AUG. 12:13