

Tuesday 20 September, 2016

Default fund selection process must be in members' best interests

The Australian Institute of Superannuation Trustees (AIST) today responded to the release of the Productivity Commission issues paper on alternative default models, the second stage of the Commission's work in superannuation.

AIST CEO Tom Garcia said an efficient and effective process for allocating default fund members to products was critical to the integrity and success of Australia's compulsory super system and AIST would be actively participating in the Commission's inquiry.

Mr Garcia said it was vital that the default fund selection process was in members' best interest and that members were afforded the highest level of protection from product providers or employers with conflicted interests.

Recent AIST research has highlighted that consumers in Choice super fund products who are outside the protection of the default selection process had received on average lower returns over the long term.

"Default fund selection – overseen by the independent Fair Work Commission – has worked exceptionally well to protect the interests of an estimated two thirds of working Australians and optimize their retirement outcomes," Mr Garcia said.

"We look forward to drawing and building on the strengths of the existing system to frame our response to this inquiry, as well as the stage three review of the current default system."

Further media enquiries: AIST Executive Media Manager Janet de Silva: 0448 000 499

AIST is the peak industry body for the \$700 billion not-for-profit super sector which includes industry, corporate and public sector funds.