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Double-digit negative returns means confidence is the key issue facing super: AIST

As many Australian superannuation funds prepare to report a second consecutive year of double-digit negative returns, **The Australian Institute of Superannuation Trustees (AIST)** – the peak representative body for the \$450 billion not-for-profit sector - has urged the new Federal Minister for Superannuation, Mr Chris Bowen, to prioritise restoring confidence in our superannuation system.

“At this time of deep uncertainty about retirement savings, market volatility and changes to the superannuation rules, we urge the new Minister to deliver a strong message to the Australian public that superannuation remains a key pillar in our retirement incomes system, as well as a pillar of strength in our economy, ” Ms Reynolds said.

“While there is no escaping the fact that double-digit negative returns are a huge disappointment for many super consumers, many economists believe that we have seen the low point of the investment cycle. Our well-managed, robust superannuation system is still one of the best and most tax-effective ways to save for retirement and the public must not be allowed to lose sight of this”.

While figures released today by SuperRatings suggest that the average balanced fund will report a double-digit negative return this financial year, the longer term average of balanced funds is above 5 per cent per annum – and above 6 per cent for the top-performing funds, almost all of which are not-for-profit funds.

Ms Reynolds said the latest figures highlighted the growing gap between the best and worst performing funds and the need for super consumers to ensure they were invested in low-fee paying funds that weren't sold on a commission basis.

However while recognising the potential for the Henry and Cooper industry reviews to bring about much-needed reform in this area, Ms Reynolds said the impact of lower returns on super balances – coupled with recent changes announced in the Budget - had made the Australian public extra sensitive to any further tinkering of the rules.

“The new Minister has a difficult balancing act in front of him. He is now responsible for a number of reviews which, on the one hand have the potential to deliver much-needed reform but on the other, if not handled in a timely and efficient way, could further erode confidence in our super system”.

“While there is certainly room to reform our super system to ensure it is more efficient, more user-friendly and more equitable for the vast majority of Australians who earn less than the average wage, the Government also has a responsibility to ensure that Australians can plan for their retirement with confidence and that the Australian public has a better understanding about the long-term – and at times cyclical - nature of super,” said Ms Reynolds.

AIST is the peak body for the \$450 billion not-for-profit super sector (comprising industry, corporate and public sector fund) where nearly two-thirds of the Australian workforce have their super invested.

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