

BUILDING FUTURES NOT BARRIERS: SUPERANNUATION THAT WORKS

Superannuation exists to provide a safety net at retirement, designed to benefit everyone. However, this report shows that many First Nations peoples are shut out of the system and denied access to their savings. This first-of-its-kind, independent research was conducted with 99 First Nations consumers in the Eastern Arnhem region and 19 financial counsellors and caseworkers who support First Nations clients nationwide to navigate superannuation challenges. While First Nations peoples are more significantly impacted, these identified issues extend to other Australians including those living in rural or remote areas, older Australians, those with lower digital and financial literacy or with language barriers. Unexpected life events or losses could make anybody vulnerable and ensuring equitable access to superannuation benefits all Australians.

SITUATION: The super system is failing too many First Nations Australians

First Nations peoples are denied access to their super even in retirement or financial hardship	Onerous and rigid requirements for identification verification and digital access create barriers for basic requests from First Nations peoples. Research respondents were often referred to online services by super funds when only a quarter have access to MyGov or email and 59 per cent reported having access to the internet. ¹
Customer service failures that disengages consumers, driving some to abandon their rights	The research found widespread examples of inadequate and culturally insensitive customer service. Over half of respondents had issues getting support from super funds and understanding the information provided. Respondents over 60 years old and those needing help reading English reported greater challenges in understanding the information provided. ¹
First Nations peoples face enormous barriers to accessing death benefits	Death benefit payouts to First Nations peoples take significantly longer compared to other Australians. This includes rigid ATO rules, often requiring claimants to undertake expensive legal procedures just to identify where a deceased loved one's super is held.

IMPACT: Many First Nations peoples are excluded from the benefits of superannuation

Superannuation is compulsory for most employees and reflects contributions from a person's wages to provide financial support during retirement. Super can also provide financial relief at times of financial hardship, or for families after someone dies. However, First Nations peoples are more likely than the general population to miss out on superannuation benefits.

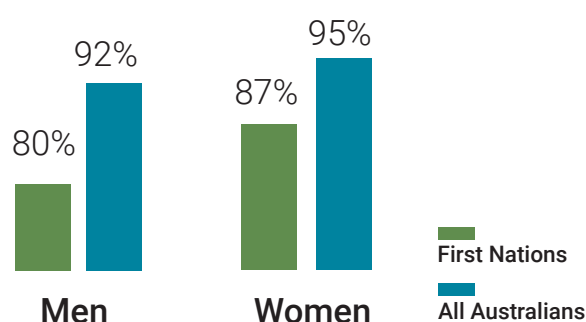
69%

Of First Nations people have super, compared to **87%** of other Australians

\$22,000

median balance for First Nations peoples, compared to **\$60,000** the general population

Fewer reach preservation age (60 years)



Source: Association of Superannuation Funds of Australia (ASFA) (2024), "ASFA Research Note: Superannuation balances of First Nations individuals" and Australian Bureau of Statistics (2023), "Life expectancy", 2021-2023



PROBLEM: Discriminatory policies, a lack of accountability and inappropriate regulatory design create structural barriers

The strength, resilience and determination of First Nations communities enable some individuals to access their super. However the current system fails to consider the structural barriers created by colonisation and its intergenerational racial marginalisation when supporting First Nations peoples.

1) Limited resources available to support First Nations peoples on superannuation issues	2) Discriminatory and rigid policies and practices from super funds and the ATO	3) Lack of accountability for inadequate and culturally-insensitive customer service	4) The current superannuation death benefit system does not work for many First Nations communities
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SOLUTION: The Government and super funds have a responsibility to prioritise reforms to improve access, outcomes and accountability

1.1 Increase funding for the financial counselling sector and pilot a free legal service for superannuation , to ensure consumers experiencing vulnerability, including First Nations peoples can access free and independent help to navigate the super system.	2.1 Require super funds to proactively assist customers with verifying their identity (such as by applying AUSTRAC's guidance) 2.2 Improve ATO processes to help First Nations peoples , including improved customer service and more flexible approaches to identity verification.	3.1 Legislate mandatory and enforceable customer service standards for super funds that require: <ul style="list-style-type: none">• High quality and culturally safe customer service across the industry and enforced by regulators.• Transparent reporting on consumer outcomes and service delivery.	4.1 Conduct a comprehensive review of the superannuation death benefit system , to address complex and longstanding issues, including who is entitled to death benefits in First Nations kinship contexts. 4.2 Reduce barriers to the ATO telling the next of kin where a deceased's super is held (amend tax secrecy laws that govern how the ATO can disclose information).
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The barriers faced by First Nations consumers in the super system is well established with reforms urgently needed. For the past 12 years, the Indigenous Superannuation Working Group has sought to tackle these barriers and while some positive steps have been taken, critical barriers remain. First Nations peoples continue being denied access to their money when they need it most, with devastating impacts on generations of families.

The system reforms will benefit all Australians, especially when they are at their most vulnerable. Many of these solutions are either within the control of the ATO and super funds to change or can be addressed through processes already underway, for example developing mandatory customer service standards led by the Commonwealth Treasury. The Commonwealth Government and super industry have a unique opportunity to act now in removing the systemic barriers, in partnership with First Nations organisations and communities, and fulfill their commitments under Closing the Gap.

Read the full report at: superconsumers.com.au/buildingfutures

¹ Based on an observation survey conducted with 99 First Nations consumers at the Financial Wellness Week event, held in five remote towns across the Eastern Arnhem region from 12-16 August 2024.