



Phone 02 9577 3333
Email enquiries@superconsumers.com.au
Website www.superconsumers.com.au
57 Carrington Road,
Marrickville NSW 2204
ACN 163 636 566 | **ABN** 34 163 636 566

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Director, Retirement Income and Adequacy Unit
The Treasury
retirement@treasury.gov.au

Submission re: Guidance on best practice principles for superannuation retirement income solutions

Super Consumers Australia welcomes the opportunity to comment on the Retirement Best Practice Principles consultation paper.

More guidance will not change trustee behaviour

Overall, we consider the content of the principles appropriate. They cover the kinds of matters trustees should already be thinking about, and we would expect trustees to be implementing these practices as part of their existing duties.

However, the form in which the principles are presented, as voluntary guidance, is a problem. Our core concern is that the proposed principles will not create meaningful improvements for super fund members. This is because the principles are voluntary and carry no compliance obligations. As such, they will not shift trustee behaviour. If guidance were all that was needed, the wealth of guidance that already exists would have been sufficient to change trustee behaviour.

We consider that many, if not all, of the principles could easily be mandatory requirements.

Trustees have failed to make meaningful progress despite regulator guidance

The retirement income covenant, introduced in 2022, was a critical step in requiring super fund trustees to improve outcomes for members approaching and in retirement (see section 52(8A) of the *Superannuation Industry (Supervision) Act 1993* (SIS Act)).

Since then, APRA and ASIC's reviews in 2023 and 2024 have shown that trustees have made only incremental progress in implementing the covenant. Despite clear obligations, and the joint guidance contained in [*Information Report - Implementation of the retirement income covenant: Findings from the joint APRA and ASIC thematic review*](#) (published 19 July 2023) and [*Industry*](#)

[update - Pulse check on retirement income covenant implementation](#) (published 2 July 2024) , funds have been slow to deliver practical improvements for members.

This demonstrates that without enforceable practical standards supplementing the covenant, trustees are unlikely to act with the urgency and consistency required to ensure the superannuation system supports retirees effectively.

Members expect more from trustees

In August 2025, we conducted a nationally representative survey of 5,000 people. We found that there is a large gap between what members expect of their funds and what they are getting when it comes to understanding their membership base (principle 3), fostering engagement during the accumulation phase (principle 13) and proactively engaging with members nearing retirement (principle 14).

We asked people 50 years and older who have super (n=1830) the following question:

Q. Did your super fund contact you in the last 12 months to help you make decisions about your retirement income?

Only 14% of people replied yes, they had been contacted, 80% replied no, and 6% couldn't remember.

We also asked people of all ages whether they agreed that super funds SHOULD contact members as they approach retirement (n=4602).

*Q. Please let us know to what extent you agree or disagree with these statements:
It should be mandatory for my super fund to proactively contact me as I approach retirement to help me make decisions about my retirement income.*

There was clear support for this statement: 73% agreed or strongly agreed that their fund should be required to contact them (48% agree, 25% strongly agree).

This example shows the clear gap between what members want and what trustees do: 73% of people want their trustee to contact them as they approach retirement, but only 14% have a trustee who has contacted them.

This example also highlights that the principles articulated in the consultation paper are focusing on the right things. They outline behaviour that members want and expect. However, we are very concerned that although the principles highlight appropriate trustee behaviours that align with consumer expectations, trustees will not change without being required to do so.

The best practices principles should be prudential standards

APRA has developed enforceable prudential standards that specify the trustee conduct required to meet many of the covenants under section 52 of the SIS Act (such as the investment,

insurance and risk management covenants at sections 52(6)-(8)). There is no reason the retirement income covenant should be treated differently.

Members transitioning to and living in retirement require the same level of regulatory protection as other members. The best practice principles for retirement income solutions should be converted into an APRA prudential standard and enforced by APRA (and ASIC where relevant). An APRA prudential standard on retirement income solutions would:

- Provide clear expectations for trustees.
- Ensure accountability and consistency across the industry.
- Deliver tangible benefits for members at the point in their lives when they most need support.

Conclusion

The superannuation system has made only limited progress in meeting the needs of retirees under the retirement income covenant. Relying on voluntary principles will not change this trajectory. A prudential standard, with enforceable obligations, is necessary to drive meaningful action and protect consumers.

Thank you for considering our submission. We would welcome the opportunity to discuss these issues further.

Yours sincerely,

Katrina Ellis

Deputy CEO