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Strengthening the superannuation performance test: Submission by Super Consumers Australia

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Super Consumers Australia is the advocate for people on low and middle incomes in Australia's superannuation system. We were founded to fight for an accountable and fair super system that delivers great service and great financial outcomes in retirement. Formed in 2013, we are an independent, not-for-profit organisation and a leading voice for consumers of superannuation products and services.

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Introduction

Super Consumers Australia strongly supports retaining a robust, objective and broadly applied performance test. The performance test is one of the most important consumer protections in the superannuation system. It helps ensure trustees are held accountable for the investment performance and fees they deliver using members' retirement savings.

The annual performance test has delivered significant benefits since its introduction. It has helped identify persistent underperformance, prompted consolidation and placed downward pressure on fees. These are important outcomes for superannuation fund members.

Treasury should proceed with reforms that expand the test's coverage and improve evidence-based review of benchmarks. It should not proceed with changes that weaken the test's objectivity, reduce comparability or allow underperforming products to avoid scrutiny.

We are concerned that some of the proposed changes risk weakening the test without sufficient evidence that they would improve member outcomes. The current consultation paper raises significant concerns about possible investment constraints and benchmark hugging, but it does not provide modelling or analysis showing how the proposed reforms would affect existing products, test outcomes or member outcomes.

The immediate priorities should be:

- extending the test to externally directed accumulation products;
- extending the test to retirement products, starting with account-based pension options that are the same as, or substantially similar to, accumulation options;
- introducing routine independent benchmark reviews; and
- publishing modelling and analysis before changing the test metric or benchmarks.

Retirees need and deserve the same protection from underperformance as people in accumulation. Our latest consumer survey shows that 90% of retirees support retirement options being tested, and 86% support consequences for underperformance (source: Super Consumers Australia, 2026, Your Say on Super: Australians want stronger protections for retirement products). The performance test should apply wherever members' retirement savings are at risk of being eroded by persistent poor performance.


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Summary of Recommendations

Recommendation 1: Before making any changes to the performance test metric or benchmarks, Treasury should publish detailed modelling showing how the proposed changes would affect product-level test outcomes and member outcomes.

Recommendation 2: Ensure any changes to the test minimise opportunities for gaming, including gaming through asset classification, valuation practices, benchmark selection or fee structures.

Recommendation 3: Do not introduce a new emerging covered asset class benchmarked to CPI + X.

Recommendation 4: Do not proceed with changes to the Alternatives covered asset class.

Recommendation 5: Further explore a simple reference portfolio or risk-adjusted return measure, but only after Treasury publishes modelling and consults on the results.

Recommendation 6: Introduce routine independent reviews of the performance test benchmarks every five years, scheduled in advance.

Recommendation 7: Trustees should be required to assess the performance of individual members' portfolios using the performance test methodology, with tailored consequences, if the majority of choice assets in the fund are not covered by the performance test.

Recommendation 8: Assess average ongoing financial advice fees and administrative fees for platform funds to better reflect the out-of-pocket costs to members.

Recommendation 9: If the Government does not test individual member portfolios, the test should be extended to externally directed accumulation products including multi-sector options, single-sector options, ETFs, and separately managed accounts.

Recommendation 10: Extend the existing performance test to account-based pension and transition to retirement products, starting with retirement options that are the same as, or substantially similar to, tested accumulation options.

Recommendation 11: Develop a tailored performance testing framework for more complex retirement products that cannot be appropriately assessed using the existing test.

Recommendation 12: Publish consumer-facing retirement product performance information and develop a retirement phase comparison tool.

Policy principles

Super Consumers Australia supports a performance test that:

- sets an objective bright line that holds funds to account;
- gives clear guidance to trustees, regulators and members;
- prioritises the interests of members in a compulsory superannuation system;
- places greater weight on reducing false negatives, where underperforming products pass the test, than on avoiding all possible false positives;
- gives trustees incentives to deliver strong long-term net investment performance;
- minimises opportunities for gaming;
- is sector-neutral and applied as broadly as possible; and
- puts responsibility on trustees and regulators, rather than individual fund members, to address persistent underperformance.

No performance test will ever be perfect. However, weakening the current test in response to theoretical risks would be a poor outcome for superannuation fund members if it allows more underperforming products to remain in the system.

The test should remain focused on its core purpose: identifying and addressing persistent underperformance. Other policy objectives, including encouraging investment in particular sectors or asset classes, should not be pursued by weakening consumer protections in the performance test.

Benchmark aligned investment for poor performers protects fund members

The Treasury consultation has not presented evidence of funds ‘hugging benchmarks’ because of the performance test, or that ‘hugging’ would produce materially worse member outcomes than the alternative. Without evidence of its existence or its negative impact on consumers it is not clear what harm is trying to be solved for.

When an investment option fails the performance test, APRA found that it was typically due to investment performance rather than high fees.(source: APRA, 2024, Insights Paper - Comprehensive Product Performance Package) Failing the test for investment performance means that the historical investment returns have been significantly below passive benchmarks over a 10-year horizon. For members invested in that option, they have earned less on their retirement savings than they should have, due to the investment decisions of the trustee.

As a consequence, it is quite reasonable that the trustee responds by aligning their investments with the benchmark. This gives the trustee time to assess what is driving the underperformance and put in place a multi-year investment strategy to lift them out of underperformance. This protects the members in the investment option from further mistakes by the trustee. It may mean that the trustee gradually exits certain asset classes if they do not have sufficient expertise to generate good investment returns for their customers. For these investment options, the performance test acts as a guardrail to ensure that poor returns do not continue.

It is unclear from the consultation paper whether trustees of investment options that have failed the test, or are close to failing the test are the ones who, quite rightly, are feeling that their investment decision making is constrained, or whether Treasury has evidence that it is felt more broadly.

Investment in ESG

There is no evidence that the test is impeding good investments in the green energy transition, social housing or other environmental, social and governance (ESG) by super funds.

ESG investing is widespread in the superannuation sector, with most of the largest funds adopting ESG philosophies or offering ESG-specific products. The media regularly reports on new ESG investments being made by large super funds. Further, the significant presence of ESG-driven investors in the market implies that the market-wide indices used in the current performance test benchmarks are already shaped by ESG considerations. The performance test effectively rewards funds that make good ESG investments that earn strong long-term returns or manage risks across the portfolio if they are able to beat the indices in the benchmark.

The ESG nature of a product should not be an excuse for poor long-term performance. Giving special treatment to ESG investments in the performance test would not be consistent with the objective of superannuation if it erodes members' retirement balances. There is a significant volume of evidence that ESG investment funds can deliver similar returns to conventional funds. (see: Does Sustainability Generate Better Financial Performance? Review, Meta-analysis, and Propositions)

The need for evidence before reform

In order to understand whether the performance test creates unintended barriers to investment, encourages benchmark hugging or simply creates intended constraints on trustee decision making for investment options with poor historical returns, Treasury needs to provide evidence. The paper does not provide sufficient modelling or empirical evidence to show:

- the scale of the problem;

- whether the issue is widespread or isolated;
- whether proposed reforms would fix the issue;
- whether proposed reforms would create new risks for members; or
- whether more underperforming products would pass the test under alternative approaches.

To provide an evidence base for benchmark hugging, the government should require APRA to publish:

- asset-class level returns compared with relevant benchmarks;
- tracking error trends over time;
- analysis by product segment; and
- evidence of which investment options are converging around benchmarks.

For some asset classes such as listed equities, convergence towards the benchmark may also be due to the broader trend towards passive investing, rather than any constraint on trustee investing.

Given the importance of the performance test as a consumer protection, major changes should not proceed on the basis of anecdotal concerns. Treasury should first publish detailed modelling using APRA data. This modelling should compare the current test with each proposed option. It should identify which products would pass or fail under each model and whether the products that pass under the proposed alternatives have delivered strong long-term outcomes for members.

Treasury should also assess whether the proposed changes would increase opportunities for gaming. This is particularly important for reforms that rely on new asset classifications, CPI + X benchmarks, volatility measures, or valuation practices for unlisted assets.

Recommendations

Recommendation 1: Before making any changes to the performance test metric or benchmarks, Treasury should publish detailed modelling showing how the proposed changes would affect product-level test outcomes and member outcomes.

Changes to the test metrics

Avoiding gaming

A central design principle for any reform should be minimising gaming opportunities.

The test should not give trustees incentives to:

- reclassify assets to obtain a more favourable benchmark;
- shift products or members into untested categories;
- use smoother valuation practices to reduce measured volatility;
- restructure fees to perform better at a single representative balance;
- create new products to avoid consequences for failed products; or
- rely on complex or discretionary benchmarks that are difficult to scrutinise.

The current test has value because it is relatively clear, objective and hard to avoid. Reforms should strengthen those features, not weaken them.

Recommendations

Recommendation 2: Ensure any changes to the test minimise opportunities for gaming, including gaming through asset classification, valuation practices, benchmark selection or fee structures.

Option 1.1: New emerging covered asset class

Super Consumers Australia does not support introducing a new emerging covered asset class benchmarked to CPI + X.

We acknowledge that the current proposal differs from previous CPI + X proposals because the government or regulators would set the X, rather than allowing trustees to set their own benchmarks. This addresses some of our previous concerns about fund discretion and self-selected benchmarks.

However, the proposal still risks watering down the performance test.

The current test has strength because it compares products against objective and externally observable market benchmarks. A CPI + X benchmark would move away from this approach. It could reduce comparability between products and make it harder for members, regulators and policymakers to understand whether trustees have delivered strong outcomes.

We are particularly concerned that a new emerging asset class would create opportunities for gaming. Trustees may have incentives to classify assets as “emerging” where doing so improves their test outcome. Even with eligibility criteria and allocation caps, there would likely be boundary issues and disputes about whether particular assets should qualify.

If the CPI+X benchmark were implemented, with an allocation cap of 5%, and the X is set at a level so that this covered asset class has a lower benchmark than the market indices used for other covered asset classes, then it is likely that all trustees would claim 5% of their worst performing qualifying assets in each investment option simply to lower the overall benchmark for each option.

To prevent gaming there would need to be regulatory scrutiny by APRA of the investments that trustees are allocating to the new covered asset class. This could be a substantial amount of work and could require substantial additional reporting by trustees to APRA.

The consultation paper also does not provide modelling showing how this option would affect current or future test outcomes. Before this option could be properly assessed, Treasury would need to publish analysis showing:

- which assets would likely qualify;
- how much of current portfolios would be reclassified;
- which products would receive improved test outcomes;
- whether any previously failing or near-failing products would pass;
- how the CPI + X margin would be set;
- how the margin would change in different inflation environments;
- how the option would affect comparability between products.

Without this evidence, the proposal should not proceed.

Recommendations

Recommendation 3: Do not introduce a new emerging covered asset class benchmarked to

CPI + X.

Option 1.2: Alternatives covered asset class

Super Consumers Australia does not support changing the existing Alternatives covered asset class.

Option 1.2 appears to be a less-defined, more subjective version of Option 1.1, and potentially weakens the benchmark not just for 5% of the assets, but for the entire Alternatives asset class (which is not capped).

Like Option 1.1, changing the Alternatives covered asset class may also create classification issues. If more assets can be placed into Alternatives, trustees may have incentives to classify assets in ways that improve their test outcomes rather than reflect genuine investment characteristics.

We are also concerned that broadening or changing the Alternatives category could reduce comparability between products. Similar assets could be treated differently across funds, making it harder for APRA and superannuation fund members to assess whether performance is genuinely strong.

Recommendations

Recommendation 4: Do not proceed with changes to the Alternatives covered asset class.

Option 2: Risk-adjusted returns and a simple reference portfolio

Super Consumers Australia considers that a simple reference portfolio or risk-adjusted return measure may have merit, but it should not be adopted without further modelling and consultation.

We remain cautious about replacing the current strategic asset allocation benchmark with a new metric. The current test has important strengths: it is objective, relatively transparent, and based on external benchmarks. Any replacement must be shown to improve member outcomes and preserve the test’s integrity.

Volatility is not a perfect measure of risk, particularly in superannuation. For many members, the key risk is not short-term movement in asset values but having inadequate income in retirement. However, volatility may be a useful, simple, easy-to-calculate measure. It is important to acknowledge that it may understate risk for unlisted assets due to valuation smoothing, and this may create an opportunity for gaming.

A simple reference portfolio should be kept as simple as possible: a mix of an Australian Equities index and a Bank Bills index. A more complex reference portfolio could result in trustees trying to replicate the multi-asset class reference portfolio performance. Essentially the performance test should be a hurdle to jump over, rather than a benchmark to replicate.

However, the risks of changing to a simple reference portfolio test are significant. Treasury must assess whether this option would:

- allow underperforming products to pass;
- penalise products that deliver strong long-term outcomes;
- create incentives to reduce volatility at the expense of long-term returns;
- create incentives to increase allocations to assets with smoother valuations; or
- be distorted by valuation practices for unlisted assets.

Unlisted asset valuation is a particular concern. If unlisted assets appear less volatile because they are valued less frequently or using appraisal-based methods, a volatility-based test may unintentionally reward products for holding assets that appear smoother rather than being genuinely less risky.

This option should be treated as a possible future reform, not a reform ready for immediate implementation.

Recommendations

Recommendation 5: Further explore a simple reference portfolio or risk-adjusted return measure, but only after Treasury publishes modelling and consults on the results.

Option 3: Routine review of benchmarks

Super Consumers Australia supports introducing routine reviews of the performance test benchmarks.

Benchmark reviews should help ensure the test remains fit for purpose as markets evolve. However, the review process must not become a pathway for weakening the test or allowing industry pressure to dilute accountability.

Reviews should be:

- independent;
- scheduled in advance;
- conducted every five years;
- transparent;
- evidence-based;
- focused on member outcomes;
- informed by APRA data;
- subject to public consultation; and
- designed to minimise gaming that isn't aligned to member outcomes and preserve objectivity.

The review should assess whether benchmark indices remain appropriate, whether fee and tax assumptions remain suitable, and whether there is evidence that the test is creating material unintended consequences.

As part of this process, APRA should publish annual asset-class-level analysis for tested products. This analysis should compare asset-class-level returns with the relevant performance test benchmark indices. This would help assess whether there is evidence of harmful benchmark hugging and whether the test is constraining investment decisions in practice.

Benchmark changes should only be made where there is clear evidence that they would improve member outcomes.

The current benchmark indices require paid subscriptions, making them unavailable to stakeholders with limited budgets such as Super Consumers Australia. The review should also assess whether there are alternative benchmark indices available at no cost that could be used in the test so that stakeholders could replicate the test results more readily.

Recommendations

Recommendation 6: Introduce routine independent reviews of the performance test benchmarks every five years, scheduled in advance.

Extending the test

Super Consumers Australia supports extending the test to cover as many superannuation fund members as possible. The current limitation of the test to MySuper products and trustee-directed products misses a large proportion of choice investment options and assets, particularly on platform funds. Members in all funds deserve the same protection from underperformance as members in MySuper and trustee-directed products.

Super Consumers Australia analysis of APRA's Quarterly Superannuation Product Statistics for June 2025 showed:

- 62% ($432 billion of $698 billion) of non-platform choice investments were covered by the performance test in 2025;
- only 4.6% ($19.9 billion of $433.3 billion) of platform investments were covered by the performance test in 2025; and
- 11 platform funds, managing more than $190 billion, had no products assessed under the test, including Hub24 and Netwealth.

Given that 11 platform funds have no trustee-directed products, it is essential that the test is expanded, so that members invested in these funds are protected.

We recommend that for choice options, the annual performance test should be applied to individual member portfolios rather than investment options. This is because many members who choose investment options combine several options together to form their own portfolio. The member outcome that matters is the return from their portfolio, not the returns of the component investment options.

Require trustees to assess choice member portfolios

People investing their superannuation through a platform typically create their own portfolio from a number of investment options with the advice of a financial adviser, although a growing number of members on platforms are no longer advised. For example, Money Management (2025) "Too big to ignore: how platforms are helping unadvised clients" claims there are 5.1 million unadvised clients on platforms. Members of retail mastertrusts, or choice menus in industry funds, also invest in multiple options forming their own portfolio.

We consider it reasonable that trustees of choice members should be capable of using the performance test methodology to assess the portfolio performance for each member of their fund. This would provide the trustee with vital information about which members are exposed to harm through poorly performing portfolios. In light of ASIC's recent report highlighting significant gaps in platform trustees monitoring advice fee deductions and investment risks, (ASIC (2026) REP 883 Safeguarding super: how well are platform trustees monitoring risks to retirement savings) applying the performance test to member portfolios would provide a valuable mechanism to increase trustee accountability for ongoing monitoring of member outcomes.

To avoid excessive duplication with individually tested investment options, trustees could be required to assess individual member portfolio performance if a certain proportion of their choice assets is not covered by the test. As a starting point, we suggest 50% as the threshold. Super Consumers Australia analysis of the APRA Quarterly Superannuation Product Statistics shows that for 2025:

- ten of the 11 platform funds with choice options that were tested had less than the 50% of accumulation choice assets tested; and
- nine of the 41 non-platform funds with choice options that were tested had less than 50% of accumulation choice assets tested.

Under our proposal, these 19 funds, along with the 11 platforms that had no choice options tested, would need to assess individual member portfolio performance, in addition to APRA continuing to test TDPs.

The simple reference portfolio test would be the most straightforward methodology for trustees to use to assess member portfolios, as it only relies on two metrics for each member portfolio: the 10-year net investment return and the 10-year volatility. If the simple reference portfolio test were to be used, to ensure consistency, APRA could publish the volatility frontier values as reference points for platform trustees to use.

Consequences for member portfolios that fail the test

The repercussions for failure should be:

- Trustees should be required to notify the member and their financial adviser of the underperformance.
- Trustees should be required to report to APRA:
    - the percentage of their members with underperforming portfolios;
    - the percentage of members per financial adviser with underperforming portfolios; and
    - any remedial action they are taking and the efficacy of that remedial action.
- In the second year of failure:
    - members without a financial adviser should be moved (with the ability to opt-out) to a MySuper product in the fund, or where no MySuper product exists, a balanced option that has passed the test;
    - The trustee should be required to report financial advisers with a client who fails a second year to ASIC; and
    - APRA should have powers to impose licence conditions at its discretion on trustees where a significant number of member portfolios have failed for a second consecutive year.

Ongoing advice fees should be included in the test

Most issuers of platform superannuation products require as a distribution condition that the prospective member have a financial adviser. This means that to access the product, the member necessarily has to pay initial and ongoing financial advice fees. The current performance test ignores these fees and thus does not provide an accurate assessment of the typical out-of-pocket cost and net return to the platform super fund member.

Super Consumers Australia analysis of APRA's Annual Fund Level Statistics, Table 6, Fund-level fees paid by source of payment and type of fee shows:

- For the 64 funds, 42 charged customers advice fees or activity fees for advice, 22 did not (intra-fund advice fees are included in administration fees).
- For the 42 funds that charged advice fees, they charged $3.3 billion in administration fees and $2.6 billion in advice fees. Advice fees account for 44% of the out-of-pocket cost for these members.
- For the 22 funds that did not charge advice fees, they charged $1.0 billion in administration fees.
- Advice fees have been growing rapidly. The five-year (10-year) growth rate in advice fees to 2025 across all APRA-regulated superannuation funds is 8.3%p.a. (4.7%p.a.), whereas the five-year (10-year) growth rate in administration fees in the same time period is 4.2%p.a. (1.5%p.a.).

Average ongoing advice fees for representative balances should be included alongside administration fees for platform products.

Recommendations

Recommendation 7: Trustees should be required to assess the performance of individual members' portfolios using the performance test methodology, with tailored consequences, if the majority of choice assets in the fund are not covered by the performance test.

Recommendation 8: Assess average ongoing financial advice fees and administrative fees for platform funds to better reflect the out-of-pocket costs to members.

Option 4: Externally directed accumulation products

If the Government does not adopt our preferred approach to test individual choice members' portfolios, then, as an alternative way to expand the performance test, Super Consumers Australia supports extending the performance test to externally directed accumulation products.

The current exclusion of most choice options creates a gap in accountability and expanding the test to include externally directed accumulation products, would protect more members. Trustees may not control the underlying investment strategy of externally managed products, but they do decide which products are made available to members. Trustees are responsible for product selection, monitoring and acting in members' best financial interests.

An example of the current gap is highlighted below. Many superannuation funds offer the same investment options to their members. This option could be a trustee-directed product in one fund, but not in any other funds. This means even if it is tested, the test results do not apply across all of the other funds. This should change. All members invested in an investment option, regardless of which fund it is offered in, and whether it is offered in accumulation, transition-to-retirement or retirement, should be notified that the investment option has failed the test.

Example: MLC Wholesale Horizon 2 Income Fund

This investment option has failed the test for three years in a row. It is a trustee-directed product in the four accumulation investment menus of the IOOF Portfolio Service Superannuation Fund.

APRA's Quarterly Superannuation Product Statistics for December 2025 shows this product is also available in four retirement and two transition to retirement products offered by the same trustee and in three funds operated by other trustees (including one retirement product). Currently these trustees are not required to notify their customers that the investment option has failed the test.

Table: List of funds and their products offering MLC Wholesale Horizon 2 Income Fund as an investment option to members

Fund (Trustee)	Product Name
Wrap Super (Equity Trustees)	PlatformplusSuperWrap Accumulation
OneSuper (Diversa)	Superhero Super Accumulation
Netwealth Superannuation Master Fund	Netwealth Superannuation Master Fund Personal Super (Accumulation)
Netwealth Superannuation Master Fund	Netwealth Superannuation Master Fund Standard Income Stream (Retirement)
IOOF Portfolio Service Superannuation Fund	Expand Essential Super (Accumulation)
IOOF Portfolio Service Superannuation Fund	Expand Extra Super (Accumulation)
IOOF Portfolio Service Superannuation Fund	IOOF Employer Super (Accumulation)
IOOF Portfolio Service Superannuation Fund	IOOF Personal Super (Accumulation)
IOOF Portfolio Service Superannuation Fund	Expand Extra Pension (Retirement)

IOOF Portfolio Service Superannuation Fund	Expand Essential Pension (Retirement)
IOOF Portfolio Service Superannuation Fund	Shadforth Portfolio Service Pension (Retirement)
IOOF Portfolio Service Superannuation Fund	IOOF Pension (Retirement)
IOOF Portfolio Service Superannuation Fund	Expand Essential Pension TTR (Transition to retirement)
IOOF Portfolio Service Superannuation Fund	Expand Extra Pension TTR (Transition to retirement)

Extending the test to externally directed accumulation products would:

- improve consistency across the superannuation system;
- provide greater scrutiny of products currently outside the test;
- reduce incentives to shift members into untested products;
- support stronger trustee accountability for investment menus;
- improve transparency for customers; and
- help ensure poor-performing products cannot avoid consequences simply because they are externally managed.

Identifying suitable externally-directed products

The test is suitable to apply to any diversified investment option, whether the diversification is over multiple asset classes or a single asset class: multi-sector options, single-sector options, ETFs, and separately managed accounts. This is an important transparency mechanism. On its own it is unlikely to drive consumer action, but is an important marker for the health of the system and can help intermediaries, like financial advisers, media, other industry participants and consumer organisations understand the investment outcomes being delivered across the market.

Implementation issues will need to be addressed, including data availability, and peer group structures. However, these issues are not a reason to maintain the current gap in consumer protection.

The current consequences for failing the test should continue for externally-directed products: notify all members invested in the product in the first year, and close the product to new members in the second year. Another consequence could be that, instead of closing the product to new members after failing the test two years in a row, the trustee must put portfolio holding limits on the investment option, so that it can only be used in combination with other investment options, not a standalone portfolio for a member's superannuation savings. This recognises that some options may be appropriate to be used as part of a portfolio, even if they are not suitable as standalone investments.

Recommendations

Recommendation 9: If the Government does not test individual member portfolios, the test should be extended to diversified accumulation products, including multi-sector options, single-sector options, ETFs, and separately managed accounts.

Retirement products must be included now

Treasury should extend the existing performance test to retirement products now, starting with account-based pensions and transition to retirement products that are the same as, or substantially similar to, accumulation products already subject to the test.

Our latest Your Say on Super survey results show that people support extending the test to retirement options. Overall, 74% of people support extending the test to retirement products, rising to 90% of retirees and 86% of pre-retirees aged 50 and over. There is also strong consumer support for consequences for underperforming retirement investment options: supported by 86% of retirees (84% of pre-retirees and 77% overall). (source: Super Consumers Australia, 2026, Your Say on Super: Australians want stronger protections for retirement products).

Retirees should not lose performance protections simply because they move from accumulation into retirement. This is particularly important because balances are often largest at retirement and retirees have limited ability to recover from poor performance.

Super Consumers Australia's research shows that many accumulation options tested under the performance test are also offered in retirement. (source: Super Consumers Australia, 2025, Securing Australia's retirement: performance of retirement options research report). Our analysis found that:

- 59% of accumulation choice investment options included in the 2025 performance test were also offered in the retirement phase;
- 99% of platform options included in the 2025 performance test were also offered in the retirement phase;
- 91% of accumulation investment options that failed the performance test between 2023 and 2025 were also offered in the retirement phase at the time of failure;

- there were retirees invested in all seven of the choice options that failed the 2025 performance test;
- 29% of retirement options in our sample were delivering much lower returns than their peers relative to their risk profile; and
- a retiree starting with $250,000 in super in the worst performing options could earn approximately $57,000 to $205,000 less in investment returns across a typical retirement compared with the return expected based on peer returns and growth asset allocation.

These findings show that poor performance in retirement products is not theoretical. It is already affecting retirees.

The current system creates an unreasonable gap in protection. A person can be protected by the performance test while they are in an accumulation product, then lose that protection when they move into a substantially identical account-based pension. This is especially problematic when the same investment option has failed the performance test in accumulation but continues to be offered to retirees without mandatory notification.

Retirees in underperforming options are not required to be notified that an equivalent accumulation option has failed the performance test. They also do not have access to a retirement comparison tool equivalent to the YourSuper comparison tool. This leaves many retirees in the dark about whether their retirement savings are being poorly managed.

This is not consistent with the objective of superannuation or with community expectations.

Treasury should also develop a tailored testing framework for more complex retirement products, including products with longevity protection, guarantees or other features that may not fit neatly into the existing test. However, the existence of more complex products should not delay testing of account-based pensions that can already be assessed using the current framework.

Transparency for retirees

In 2023, the government committed to “working with consumer groups to ensure that the [ATO comparison] Tool remains meaningful and trusted”. We’re still waiting. The tool has ossified, failing to take account of the needs of superannuation fund members. It was never extended to trustee-directed products when they were added to the performance test and has never been properly consumer tested or properly iterated upon to ensure it is effective. The Behavioural Economics Team of the Australian Government (BETA) performed consumer testing on early design ideas for the tool that were ultimately not implemented (source: BETA, 2022, YourSuper Comparison Tool, Results from a survey and two survey experiments).

The only change that was made to the tool since it was delivered was at the behest of industry funds, with a tweak to the default sorting option to prioritise net returns over fees. This is despite strong evidence that fees are a key driver of consumer behaviour and the main lever trustees have control over in improving consumer outcomes.

We shouldn't delay by another three years to provide meaningful transparency.

Extending the performance test to retirement products should be supported by improved transparency.

The Government should develop a retirement phase comparison tool that allows superannuation fund members to compare historical returns, fees and product features. Retirement product performance data should be published in a consumer-friendly format. Our latest consumer survey results show that Australians want transparency. We found 91% of retirees (89% of pre-retirees and 84% overall) want the government to publish information so people can compare retirement investment options. (source: Super Consumers Australia, 2026, Your Say on Super: Australians want stronger protections for retirement products)

Funds should also be required to notify retirees where their option fails the performance test or where an equivalent accumulation option fails the test. Even without explicitly extending the test to retirement options, trustees should notify all members invested in an option that has failed the performance test, regardless of whether those members are in accumulation or retirement.

It is difficult to see how a trustee could be acting in members' best financial interests while withholding information that an investment option has failed a legislated performance test simply because the member is in the retirement phase.

Recommendations

Recommendation 10: Extend the existing performance test to account-based pension and transition to retirement products, starting with retirement options that are the same as, or substantially similar to, tested accumulation options.

Recommendation 11: Develop a tailored performance testing framework for more complex retirement products that cannot be appropriately assessed using the existing test.

Recommendation 12: Publish consumer-facing retirement product performance information and develop a retirement phase comparison tool.