

Media Release

ENGAGING WORKERS IN A COMPETITIVE SUPER MARKET REMAINS KEY

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In order to meet the retirement needs of future generations, the superannuation industry needs an overhaul of at least the scale the Government is signalling via its current reform agenda, according to BT Financial Group (BTFG) as it commented on the recommendations of the Cooper Review into the Superannuation System.

“Our super system needs to come of age and address the fact that while compulsory super has worked hard to meet the minimum needs of Australians, it’s time to tackle the task of helping people take ownership and grow their retirement savings,” said BTFG Chief Executive Brad Cooper.

“We welcome the Government’s recent commitment to increase the super guarantee to 12 per cent, and especially given the resulting growth in super to \$3trillion by 2020, we believe competition and choice must prevail to ensure the future system doesn’t structurally embed two clear groups of members: the engaged and the disengaged,” he said.

Competition and Choice

“Even when it comes to default funds for super members, competition and choice should be at the heart of the new system because at the end of the day these are good for members,” said Brad Cooper.

“We believe industry should compete for members’ super on the basis of great product features, on price and on return. There is less value in a system that’s based on a disengaged member being placed into a predetermined fund because of an industrial relations instrument.

“We look forward to consulting with Government on these key issues,” he said.

Engagement remains critical

Brad Cooper said BTFG was acutely aware of the industry’s role in lifting engagement levels beyond what can be achieved by the reform process alone.

“The Government has embarked on a process which should deliver the most large-scale improvements to Australians’ retirement savings since the Superannuation Guarantee was introduced.

“The super industry also has a huge role to play in ensuring people’s interests are best served by not only being closely involved in the reform process but also by constantly innovating to meet customer needs.

“We believe that BT Super for Life has cracked the code on helping people get involved with their super and demonstrating that engagement can be lifted when you make super simple, make it relevant to people’s lifestages with meaningful investment choices and make it accessible by putting it online next to their everyday banking,” Brad Cooper said.

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BT Super for Life is tracking towards \$1bn in funds under management by the end of this year. June was a record month for applications, with funds under management growing over 10 per cent in June alone.

Industry overhaul to ‘make super easy’

BTFG welcomed the Cooper Review panel’s recognition of the opportunity to significantly overhaul the super system.

“The panel clearly believes it’s time to take super out of the administrative dark ages,” Brad Cooper said, “which will result in efficiency benefits for the industry, lower costs for members and increased member engagement.

“If implemented, one key outcome of these recommendations would be that the whole astonishing concept of billions of dollars in ‘lost super’ could be a thing of the past, and we think this absolutely has to happen,” Brad Cooper said.

BTFG’s submission to the Cooper Review highlighted the industry’s opportunity to use tax file numbers to make lost super transparent, cut operational costs, reduce cheques and paperwork delays by using electronic systems and mandating one set of data standards. BT also recommended a simpler rollover process - that would take the member a matter of minutes rather than months - which allows the trustee to consolidate super accounts upon a member’s request.

Mr Cooper said he hoped for speedy implementation of these recommendations so the industry can sharpen its focus on increasing the retirement savings of working Australians.

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