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FINALISATION OF YOUR FUTURE, YOUR SUPER REGULATIONS

The Morrison Government today welcomes the registration of regulations to support the Your Future, Your Super reforms, which passed the Parliament on 17 June 2021.

The Your Future, Your Super reforms will ensure the superannuation system works harder for all Australians, saving workers \$17.9 billion over 10 years by putting strong downward pressure on fees, removing unnecessary waste and increasing accountability and transparency.

The regulations:

- Ensure the final methodology applied for the annual performance test is further strengthened to incentivise underperforming products to reduce fees as soon as possible.
- Prescribe the definition of a 'stapled fund', including tie-breaker rules for determining which fund is to be an employee's stapled fund where they have multiple existing funds.
- Specify how products will be ranked on the online YourSuper comparison tool.
- Prescribe the information that must be included with the notice of an Annual Members' Meeting.
- Further strengthen the prohibition on funds offering inducements to employers.

The final performance test methodology will see the administration fee component of the test based on the administration fee charged by the product over the most recent financial year, benchmarked against peers.

This approach for the performance test addresses historical anomalies, including with respect to millions of multiple unintended and inactive accounts, and will create a strong incentive for superannuation funds to reduce fees in order to avoid failing the test. In doing so, this change will enable the reforms to deliver immediate benefits to consumers in the form of lower fees.

This builds on previous changes to strengthen the performance test including ensuring that administration fees are part of the performance test and by adding Australian unlisted infrastructure and unlisted property as specific asset classes covered by the performance test.

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The annual performance test will protect members from poor outcomes. Funds will be required to notify members if they fail the test and persistently underperforming products will be prevented from taking on new members. Members will be notified by 1 October 2021 if their fund fails this test.

Portfolio Holdings Disclosure regulations will be finalised in coming weeks following further consultation.

The newly registered regulations can be accessed on the Federal Register of Legislation.

The Your Future, Your Super reforms are the most significant since the introduction of compulsory superannuation in 1992 and build on the Government's prior reforms which have included consolidating 3.5 million unintended multiple accounts worth almost \$4.7 billion, capping fees on low balance accounts, banning exit fees and ensuring younger Australians do not pay unnecessary insurance premiums.

Through these measures, the Morrison Government is ensuring the superannuation system works harder for all Australians by reducing waste, holding underperforming funds to account and strengthening protections around the retirement savings of millions of Australians.

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