

Monday 2 March 2020

Changes to financial advice to impact our most vulnerable: First State Super

Proposed changes to the way superannuation members can pay for financial advice could disadvantage those who need it most, according to First State Super Chief Executive Officer Deanne Stewart.

Responding to the Federal Government's draft legislation, proposing to remove the ability for members to pay for financial advice out of MySuper products, Ms Stewart said while good in intent, the legislation had the potential to create unintended consequences which could significantly impact the retirement outcome of many Australians.

Ms Stewart said while First State Super supported any legislation that improved the transparency, governance and accountability of the financial services sector; the proposed legislation risked creating a two-tier system between the wealthy and low to middle-income earners who may not be able to afford financial advice any other way.

'Any legislation that creates a barrier for Australian superannuation fund members to access quality financial advice is not in our members' or the community's best interests,' Ms Stewart said.

'MySuper products are designed to be simple, but that doesn't mean that members in these products don't require the same advice and guidance to navigate our complex retirement system. Advice is product agnostic and is a critical service that should ultimately provide peace of mind and confidence to members, in addition to a better financial outcome.

'First State Super has Australia's largest member-owned financial planning business and every day we see how the right advice, at the right time really does change our members' lives. The research clearly shows that most Australians think they need financial advice, but the biggest barrier to seeking it, is the cost.

'Our members are teachers, nurses, police, firefighters, paramedics and other government workers. For many, their retirement goals are modest. They simply want the confidence and peace of mind to pay down debt, cover their day-to-day living expenses, maintain their current lifestyle and, remain connected to family, friends and the community they have spent a lifetime caring for and protecting.

'A third of our members currently pay for advice through their MySuper product and, may not be able to afford it any other way. Without this timely advice, many may feel compelled to remain in demanding jobs for longer than they feel able, simply to make ends meet.'

Ms Stewart said the Fund was concerned that the proposed legislation may also force Australians out of high-performing MySuper products into less appropriate Choice products as these would be exempt from the changes.

She said research showed that an average 50-year-old was more than \$50,000 better off in a MySuper product than an average Choice product, so making someone switch to pay for financial advice could have significant consequences.

'We strongly believe that the rules governing MySuper and Choice products should be the same, so all Australians have the equal access to quality, timely financial advice, to help them achieve the retirement they deserve.'

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Note to editors:

First State Super

First State Super is one of Australia's largest industry funds providing superannuation, advice and retirement solutions to those who teach, nurse, care, respond and help others in our communities.

We aim to deliver strong long-term returns and keep our fees low, so members can retire with more. We have a diverse range of investment options and we provide members with access to advice about their super and the investment options available to them.

The way we invest benefits members as well as the communities in which they live work and retire. With more than \$105bn in assets we often invest directly in assets that create jobs and benefit communities.

We believe in the value of advice and the difference it can make to our members retirement outcomes and are proud to offer members access to our over 220 qualified financial planners across a broad regional network. We also host over 300 free seminars across Australia each year - some in the workplace and others in community-based locations.

We have achieved the highest platinum performance rating from SuperRatings for the past decade. ChantWest, another independent rating agency has awarded us their highest 5-star rating.

We're dedicated to helping our members to 'Feel future ready'.

first & foremost for you