

Australian Securities and Investments Commission

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Vanguard submission to the CS 37 / Regulatory Guide 234 advertising financial products and services (including credit) consultation

Vanguard Investments Australia Ltd welcomes the opportunity to contribute to the consultation on the draft update to Regulatory Guide 234 (RG 234).

We commend ASIC's commitment to enhancing the clarity, prescriptiveness, and practical relevance of advertising standards for financial products and services. In particular, we support the strengthened requirements for fee and cost disclosure, including indirect, bundled, and conditional fees, which are critical for informed consumer decision-making.

Globally Vanguard has built a reputation on the principle that costs matter, being one of the only factors investors can control when it comes to investing. This is why we have long advocated for total fee disclosure and transparency of fees in the markets we serve.

We believe both fees and performance should be readily comparable, transparent and understandable as major decision factors for investors. While performance disclosure is more transparent, fee disclosure in advertising and promotion often focuses on a portion of the total fees a member will pay.

It's on this basis we submit our recommendations to further strengthen the regulatory guidance and enhance financial outcomes for Australians.

Key Issues and Recommendations

In addition to proposed improvements, we believe further explicit guidance is needed in areas relating to fees and performance:

1. Transparent representation of total yearly fees in superannuation advertising

Advertising for superannuation products often focuses narrowly on administration fees, which in 2024 according to Rainmaker research, represented only 15–23%¹ of total member fees (while investment fees represented between 58–63% of total expense ratio). As such admin fee based advertising can mislead consumers regarding the true cost of their retirement investments over the longer term if other fees and costs are merely alluded to in the small print in a disclaimer of an advertisement, and are unlikely to be read or noticed.

As such we recommend that ASIC is explicit in its guidance on the use of total fees and costs in advertising and promotion of superannuation funds. This can be achieved by including an example in section RG234.42 illustrating that advertisements should provide a realistic impression of the overall level of fees and costs a consumer is likely to pay, requiring that any

¹ [Superannuation fees fall again - Rainmaker Information](#)

headline claims about fees are inclusive of administration and investment fees and costs, and transaction costs.

An advertisement claiming “low administration fees” may be misleading if other fees are only disclosed in footnotes. The ATO’s YourSuper Comparison tool presents an all-in annual fee and ranking, which should be reflected in advertising to ensure claims of “low cost” are realistic and reflect truth in labelling.

2. Defining and regulating the use of “low cost” terminology

The phrase “low cost” is frequently used in marketing of superannuation funds but remains undefined and difficult for consumers to fact check or compare. This can result in ill-informed investment decisions.

As such we recommend including guidance on the appropriate use of “low cost” in marketing and promotional activities. This can be achieved by adding an example to the “Use of certain terms and phrases” section, specifying that a superannuation fund advertising itself as “low cost” should be within the bottom quartile for fees in its category, as assessed by the ATO’s YourSuper Comparison tool.

3. Removing ‘since inception’ performance comparisons

Comparing ‘like for like’ is critical in both super and non-super advertising for investors and members to make well informed investment and retirement savings decisions. Where ‘since inception’ figures are used to compare against standard performance periods, there is a high risk of information being misleading – for example if an investment’s performance that has been operational for two years is compared against the five-year performance of another investment, the investor or member would not be comparing like for like.

As such, we recommend that ASIC removes the provision to compare a single figure for the whole period an investment has been available where it is less than five years and instead allows for 1- and 3-years standard performance periods to be used. This would ensure that funds that have less than a 5-year track record can use readily comparable time periods to advertise performance that does not risk misleading investors.

4. Providing guidance on the use of social media performance data

Regulatory Guidance 53 previously provided guidance for super and non-super advertising on good practice on when performance data would not be considered ‘up to date’ in promotions which can be easily updated such as social media.

We recommend reinstating guidance on what constitutes ‘up to date’ and specifying the ‘up to date’ period to be either 6 or 12 months. This timeframe allows adequate opportunity to collect and update relevant information, noting competitor data may not be available until up to 6 weeks later after the end date being used. Refining this guidance would ensure the industry is on equal footing and advertisements don’t mislead or induce investors or members with outdated information.

5. Including a provision for modelled investment strategies in non-actual performance

We recommend the inclusion of guidance currently in RG53 which provides for the use of modelled investment strategies that follow rigid and predetermined mathematical processes (such as index matching), and where prices are unlikely to have been influenced by the

operation of such an investment, to be included in the guidance on non-actual performance (RG234.108).

This means investors would have an understanding of how a newly created index would have behaved under real market conditions, offering greater transparency and supporting more informed decision making.

Supporting Evidence and Rationale

Persistent Consumer Confusion and Low Engagement

Despite the scale and importance of Australia's superannuation system—now the fourth largest pension system globally, with more than \$4 trillion in assets—consumer engagement with fees remains strikingly low. Vanguard's research, including the "How Australia Retires" series and proprietary campaign studies, consistently finds that nearly half of Australians do not know what they pay in superannuation fees, and a similar proportion are unsure whether their fund is low cost. This information gap persists year-on-year, with 45% of Australians still unclear on their fee structure in 2024, and 39% unsure if their fund is low fee.

Further, 61% of Australians are not aware they could be paying up to six different types of fees, and 34% have never reviewed or compared superannuation fees. This lack of awareness is compounded by the complexity and inconsistency in how fees are presented across funds, particularly outside regulated product disclosure documents.

Impact of Fee Transparency on Retirement Outcomes

The Productivity Commission's landmark 2018 report found that an increase in superannuation fees of just 0.5 percentage points can cost a typical worker 12% of their balance—equivalent to \$100,000—by retirement. This is a material impact, potentially delaying retirement by several years, impacting standards of living in retirement or driving greater dependency on the Aged pension. The Commission also concluded that funds charging higher fees tend to deliver lower net returns, and said that high fees are likely to persist over time. Fees remain for investors the only controllable aspect of investing, while performance is market driven.

Community Attitudes and Appetite for Reform

A nationally representative survey commissioned by Vanguard and CT Group in late 2024 showed that the majority of Australians want government action to promote fee transparency, with 71% supporting policy reform to make fee comparison easier.

The study also highlighted that nearly half (44%) of Australians report difficulty comparing super fees, and almost 40% are unaware of how much they pay or what they are paying for².

These findings are echoed in broader sector research, which highlights that cost-of-living pressures have made Australians more attentive to household expenses, yet superannuation fees remain overlooked in everyday financial discussions.

Effectiveness of Regulatory Reforms and Tools

² [Confusing Fees: Most Australians don't realise what they're being charged by their super fund | Vanguard Australia](#)

Significant reforms, such as YourFuture YourSuper and the ATO's YourSuper Comparison tool, have made important strides in standardising fee disclosure and enabling fund comparison.

The comparison tool provides a trusted source of comparison of both fees and performance for Australians, however only 19% of Australians are aware of the YourSuper Comparison tool, and even fewer have used it (10%)².

The tool's effectiveness is limited by low awareness and by the fact that many funds still advertise fees in ways that are not directly comparable to the "all-in" yearly fee presented by the tool. This was further compounded by the tool being re-sorted by performance in 2025 (whereas previously it was sorted by fees).

ASIC's ongoing review of Regulatory Guide 97 and related disclosure requirements further underscores the need for clear, accessible, and consistent fee information across all consumer touchpoints, including advertising and member statements.

The evidence demonstrates that fee transparency is not only a matter of consumer protection but also a driver of better retirement outcomes, increased competition, and public trust in the superannuation system. The persistent lack of engagement and understanding among consumers, coupled with strong community demand for reform and the proven impact of fees on retirement savings, makes the case for further regulatory action both urgent and compelling.

Conclusion

Vanguard Investments Australia Ltd strongly supports ASIC's efforts to improve transparency and comparability in financial product advertising. We urge ASIC to adopt our recommendations to further strengthen RG 234, ensuring that consumers receive clear, accurate, and meaningful information about fees and costs, and performance.

We appreciate the opportunity to contribute to this important consultation and remain available for further discussion or clarification.