# Review of superannuation trustee practices: Protecting members from harmful advice charges

**Report 781 | May 2024**

**About this report**

This report provides insights into the extent to which superannuation trustees are acting to protect members' superannuation balances from erosion by inappropriate advice charges. It summarises the findings of ASIC's review of trustee progress in this area following earlier guidance from ASIC and the Australian Prudential Regulation Authority (APRA).

# Contents




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# Executive summary

Superannuation trustees (trustees) are central to the effective management of the retirement savings of Australians. As well as generating returns, trustees also have responsibilities to protect those savings. This includes ensuring that advice fee charges against member balances are consistent with authorisations given by their members. But a trustee's responsibility also goes beyond this.

Trustees have a legal obligation to provide financial services efficiently, honestly and fairly. Trustees must also comply with the covenants in s52 of the *Superannuation (Industry) Supervision Act 1993* (SIS Act), such as the best financial interests duty and with the sole purpose test set out in s62 of the SIS Act. These obligations are important for determining what trustees can appropriately pay from the fund to financial advisers for advice provided to members. This report describes how trustees are applying controls that can help them to comply with the law and appropriately protect superannuation member balances.

We have issued this report because how trustees approach their obligations matters for their members. ASIC recognises the importance of Australians accessing quality financial advice in relation to their superannuation and that it is common for this to be paid for out of superannuation. Concerningly, we have identified that in a small but serious number of cases, the superannuation balances of members are being reduced to pay for advice that instead of being helpful is destructive to their retirement outcomes.

ASIC is concerned some high-pressure, cold calling for superannuation switching business models are providing unnecessary, generic, and inappropriate advice on either a one-off or ongoing basis, leading to poor outcomes for members. These adverse outcomes range from account balance erosion due to switching into unsuitable superannuation products with high fees and charges, or a possible reduction in retirement outcomes due to inappropriate investment in high-risk and/or low-quality superannuation investment options.

Elements of this report have been informed by ASIC's broader cross-sector project to interrupt cold calling for superannuation switching models. Recent examples of this work include:

- warning consumers (see ASIC's Moneysmart Cold calling for super switching campaign), and
- putting financial advisers and Australian financial services (AFS) licensees (licensees) on notice about their relevant obligations (see Media release 24-092MR *ASIC issues warning over dodgy cold calling operators and online baiting tactics* (7 May 2024)).

ASIC is also continuing to deter this conduct through our enforcement actions.

At the heart of the harm to consumers is poor conduct by financial advisers and financial advice licensees. But the way a trustee approaches its oversight of advice fee charges to member superannuation balances has the potential to mitigate this harm. The calls to action for trustees in this report are important as part of the broader suite of work ASIC is undertaking on cold-calling superannuation switching business models.

## Background to ASIC's review

The Royal Commission into Misconduct in the Banking, Superannuation and Financial Services Industry (Royal Commission) highlighted cases where advice fees were charged to superannuation accounts over an extended period without adequate consent or oversight, leading to the inappropriate erosion of members' balances.

To drive better practices, ASIC and the Australian Prudential Regulation Authority (APRA) wrote to trustees on 10 April 2019 (2019 joint letter) about their obligations relating to oversight of fees charged to member accounts. The 2019 joint letter highlighted the importance of strong governance and assurance arrangements to ensure that only authorised and appropriate advice fees were charged against members' superannuation balances. This was followed by reviews by trustees of their processes by 30 June 2019.

In response to the Royal Commission, new legislation was passed to limit the deduction of advice fees from superannuation accounts from July 2021 and introduce new fee consent requirements.

ASIC and APRA outlined expectations on 30 June 2021 (2021 joint letter) following the new legislation and findings from the 2019 trustee reviews. As the consent requirements supplemented rather than replaced existing trustee obligations, the expectations set out in the 2019 letter remained relevant. Areas of weakness in trustee practices were identified, including:

- a lack of regular, proactive risk-based or random checks of advice documents
- a lack of formal processes for confirming adviser identification and qualifications, and
- a large number of poorly distinguished advice-related fees in relation to some products.

At the date of this report, proposed law reform to amend s99FA of the SIS Act is underway, including introducing an explicit requirement that the advice is wholly or partly about the member's interest in the fund.

While we have been clear that neither the current law nor proposed reforms require trustees to check all advice documents, the assurance arrangements referred to in the 2019 and 2021 joint letters which are discussed in this report, such as reviewing a sample of advice documents, remain relevant.

For instance, the checks that trustees should be undertaking to make sure that they are complying with the sole purpose test, which limits the scope of advice which can be paid for from a superannuation fund, are useful in relation to proposed requirement that the advice is wholly or partly about the member's interest in the fund. For trustees to be confident in the future that they are complying with the law we encourage them to draw on the insights from this review.

## What we looked at

ASIC's review looks at trustee progress in addressing the concerns and expectations set out in the [2021 joint letter](). These included controls that can protect members' superannuation balances from harms associated with advice initiated by cold calling.

From April 2023, we reviewed a sample of 10 trustees (and corresponding funds): see Table 1 in Appendix 1 to this report. Trustees were selected based on several factors including high volumes of advice fee deductions, their disclosed fee caps and other intelligence.

The 10 funds of the trustees represent over 8 million member accounts and total assets of $923 billion as at 30 June 2023.

We collected data on advice fee deductions from 1 April 2022 through 31 March 2023 (data period). This data shows advice fees of $990.4 million were deducted from 476,452 member accounts relating to advisers from 1,803 licensees. A total of 1,526 checks of advice documents were reported as being undertaken by the 10 trustees.

We also sought examples of risk-based or random checks of advice documents by trustees.

The following case study and snapshot illustrate the potential impact of inappropriate fee deductions on members' superannuation balances.

**Case study: Inappropriate switching from cold calling operators**

**The potential cost of a non-ongoing fee:**

- A member is charged a $3,000 non-ongoing fee to inappropriately switch superannuation funds.
- The member is 25 years of age and retires at age 67.
- Assume both funds return 7.5% annually until the member retires.
- Assume contributions are taxed at 15% and earnings at 7%.
- This fee reduces the member's superannuation balance by **$15,000** in today's dollars when they reach retirement age.

**The potential cost of an ongoing fee:**

- A member is 45 years of age and incurs an annual $1,000 fee.
- Retirement age, investment return and tax treatment are unchanged from the scenario above.
- Assume the member has income of $90,000 and an existing superannuation balance of $100,000.
- This fee reduces the member's superannuation balance by **$31,000** in today's dollars when they reach retirement age.
- If the member is instead charged a percentage-based fee of 3% of their account balance (annually), this will reduce their balance by **$203,000** in today's dollars when they retire.

*See Appendix 2 to this report for details of these calculations.*

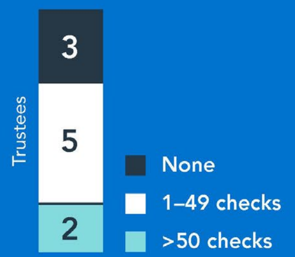
# Snapshot of trustee oversight of advice fee deductions

The data reviewed by ASIC spanned a **period of 12 months** and our findings reflect the practices and results from **1 April 2022 to 31 March 2023.**

**10 trustees**

**$990.4** million deducted | **476,452** member accounts | **1,803** licensees

## Reported checks of advice documents




**3 out of 7** trustees who reported checks found instances of fees for no services

**50%** of instances of fee for no service reported by trustees were identified through random sample checks

**Reviewing [Statements of Advice] and related advice documents would enable trustees to check that the expected financial advice service has been provided and that it complies with the sole purpose test.**

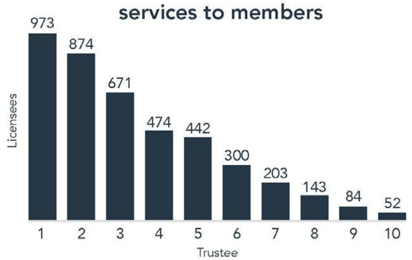
2021 joint letter

The 2021 joint letter was not prescriptive but did establish an expectation for trustees to proactively check a sample of advice documents on a risk or random basis as part of assurance processes.

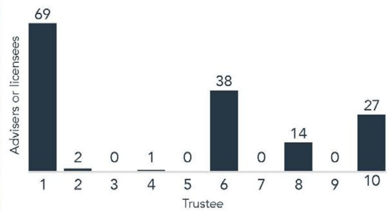
## Ongoing assurance

The 2021 joint letter noted that trustees should have appropriate processes to identify situations that may require further investigations and investigate 'red flag' occurrences when they become aware of concerns in relation to advice or advisers as part of assurance processes.

**Licensees providing financial advice services to members**




**Instances of advisers or licensees assessed as unsuitable by trustees**




## Fee caps

Trustees should carefully consider the size of their fee caps and whether they are structured appropriately.

Percentage-based fee caps ranged from **2.2%** to **5%** of an account balance

Flat-dollar fee caps ranged from **$1,500** to **$20,000**

**70%** of trustees had members with advice fee deductions exceeding **$15,000**

**70%** of trustees cited alignment to competitors when determining fee caps

Note: For the data underlying the graphs in this snapshot, see Table 2 and Table 3 in Appendix 1 to this report.

## What concerns us

Trustees still have room for improvement in protecting their members' superannuation balances from inappropriate balance erosion and implementing robust assurance processes to help them comply with their legal obligations.

We observed the following key issues:

- **Lack of proactive checks of a sample of advice documents.** Worryingly, three trustees did not report conducting any checks of advice documents either on a risk or random basis over a 12-month period.
- **Failure to use appropriate fee caps.** Fee caps were as high as $20,000 or 5% of a member's balance. Few trustees had controls for low-balance members. We found trustees typically used multiple factors when setting their fee caps. Most trustees cited peer comparisons as a factor when setting fee caps, rather than the appropriate cost of providing advice or the advice needs of their members in relation to superannuation interests.
- **Limited onboarding processes.** Processes for onboarding advisers and licensees included standard checks of ASIC's registers. Better practices involved trustees engaging with licensees to understand their business, including their processes for generating advice documents and policies on complaints and managing conflicts of interest.
- **Inadequate monitoring of advisers and licensees.** Checks by trustees against the Financial Advisers Register varied, from weekly to annually, or ad-hoc. Trustees must be vigilant, as advisers with poor conduct, including those using cold calling operators, may move rapidly between licensees. Better practices focused on maintaining intelligence and watchlists on advisers and interrogating information to better protect members' superannuation balances, including from cold calling operators.

Other issues included over-reliance by trustees on attestations that the advice received met the **sole purpose test**, including from members, and the use of **fee labels** in communications with members that may not be clear.

# How trustees can protect members' superannuation balances

Trustees should use information from this report to assess their oversight policies, procedures and practices and focus particularly on the questions set out below. The 2019 and 2021 letters issued by ASIC and APRA remain relevant for trustees. Weaknesses in trustees' assurance processes increase the risk that trustees will contravene their obligations in relation to advice fees charged to members' superannuation balances with adverse outcomes. ASIC has an ongoing interest in whether trustees are complying with the law in this area and will take regulatory action as appropriate where we identify non-compliance.

### Are advice documents from advisers and licensees checked regularly on a risk and random basis?

- Trustees using risk-based factors to identify advice documents for checking should consider whether these are set at the right level to prompt them to conduct checks.
- Random sampling can complement a risk-based approach and set a floor for a minimum number of checks.

### How often are adviser databases reconciled against ASIC's registers?

- Checking for advisers who move frequently between licensees or who are banned, and taking appropriate action, can help protect members. Trustees can access the Financial Advisers Register and the Banned and disqualified register.

  Note: Trustees can also access the Financial Advisers Dataset and Banned and Disqualified Persons Dataset, which are updated regularly, at data.gov.au.

### Are fee caps appropriate?

- Trustees that form a view on an appropriate cost of advice are better able to set fee caps that meet the needs of their members.
- Trustees should adopt practices to protect members with low superannuation balances, such as setting a minimum balance threshold for advice fee deductions.

### How well does the trustee understand the licensee's business?

- Understanding the business model of new licensees during onboarding can help avoid facilitating payments to unscrupulous advisers using cold calling operators.

### Are watchlists used and available intelligence expanded on to identify potential harm?

- Trustees that use watchlists and intelligence processes to monitor advisers and advice fees are better able to protect their members' superannuation balances. This includes looking for frequent fee variations or sudden large volumes of fees directed to a particular adviser, and monitoring member accounts for balance erosion or adviser inactivity.
- Trustees can also monitor for member complaints and instances where a member actively revokes consent to deduct advice fees.

### Are fee labels self-explanatory and clear to members?

- Trustees could consider whether the fee labels communicated to members to help them understand charges against their balances are self-explanatory and reflect the underlying nature of the advice fees they pay.

# Proactive checks of a sample of advice documents

## Guidance and expectations

Trustees should avoid over-reliance on member consent forms. To implement robust controls, trustees should combine checks of member consent forms with further oversight practices, in particular proactive checks of a sample of advice documents.

In these checks, trustees need not determine the quality, value or appropriateness of the advice provided to their members. Rather, the checks can help to confirm provision of a financial service to the member and that the service complies with the sole purpose test.

The 2021 joint letter said trustees were not meeting the regulators' expectations of proactively checking advice documents on either a random or risk basis.

## What we found

**Three** trustees did not report conducting any checks of advice documents on a random or risk basis over the data period.

Of the checks reported to ASIC, **82% originated from risk-based prompts**, while the remaining **18% were randomly sampled**.

The risk factors trustees used in their oversight processes included:

- advisers or licensees on a trustee watchlist (e.g. a new adviser), or the subject of complaints
- high fees, including just within or above trustee fee caps
- variations in the frequency or amount of advice fee deductions
- failures by licensees or advisers to provide the trustee with attestations as requested, and
- member accounts identified with adviser inactivity.

For random sampling:

- One trustee reported sampling from two pools, one for key risk groups the trustee identified and the other on a purely random basis.
- Another trustee set a minimum number of random checks to conduct each quarter.

We also asked trustees to describe the outcomes of their checks. They **reported 1,526 checks** to ASIC. Of those with a result:

- 94% had no adverse findings
- 1% identified a financial service was not provided, and
- 5% identified other adverse findings.

## How trustees can protect members' superannuation balances

We are concerned about how few checks are undertaken by some trustees. To protect their members' retirement savings, trustees should be proactive and conduct regular sampling of advice documents. Arrangements for trustees to obtain advice documents, and other relevant information, must be effective, efficient and operational.

Trustees should review their policies and processes, ensuring that the risk-based factors are suitable and the level of checks appropriate, and consider random sampling to complement their risk-based checks.

# Use of appropriate fee caps

## Guidance and expectations

The use of fee caps helps to prevent inappropriate balance erosion, particularly where fees are automatically deducted or members have low balances. However, high fee caps are unlikely to be an effective safeguard against inappropriate balance erosion.

Separate fee cap structures should be considered to protect members with low superannuation balances.

Trustees should only consider exceptions to exceed their fee caps in limited circumstances, following a robust member benefit assessment, ensuring it serves a necessary purpose.

## What we found

Nearly all trustees, and/or their underlying funds, apply fee caps. The one trustee that did not apply an explicit cap maintains thresholds to prompt investigations into advice fee deductions and members' balances.

**Non-ongoing fee caps range from $1,500 to $20,000**, with only one fund having a percentage-based fee cap (4.4%, applying for initial advice only). **Ongoing fee caps range from $5,500 through to $20,000, or 2.2% to 5%** on account balance terms.

**Three** trustees require a minimum residual balance before advice payments may be charged against a member's account or other balance conditions to protect low balance superannuation accounts.

Within the data period, we identified **328 unique advice fee deduction arrangements that exceeded $15,000**.

## How trustees can protect members' superannuation balances

Fee caps can be an efficient oversight control for trustees when set appropriately. Trustees should carefully consider controls on advice for members with low balances.

Communicating information about fee caps provides greater clarity and certainty for members and advisers, including the required process for any exceptions.

Trustees with high fee caps, particularly percentage-based fee caps without a fee ceiling, or easily permissible exceptions processes may attract unscrupulous advisers and licensees, including those associated with cold calling operators seeking higher advice fees.

# Robust practices for onboarding advisers and licensees

## Guidance and expectations

A weakness identified in the 2021 joint letter was a lack of formal processes for checking advisers' identification and qualifications.

Trustees should make inquiries to understand the business model of advisers and licensees as part of ensuring a robust assurance framework.

## What we found

Trustees have standard checks when onboarding advisers and licensees, including searching the Financial Advisers Register and the Banned and disqualified register, checking the licensee's AFS licence authorisations, and scanning for adverse media, including any disciplinary actions by ASIC.

Other onboarding checks and processes we observed included:

- for **advisers**—asking for certified identification, evidence of qualifications, and references, and
- for **licensees**—checking for membership of the Australian Financial Complaints Authority, checking the validity of the licensee's ABN and GST registration, confirming professional indemnity insurance, and asking the licensee to complete a registration form, agreement or due diligence form.

Some trustees also engage in fact finds or reviews of the licensee to better understand their business. Some reviews considered the licensee's complaints handling process, management of conflicts of interest, and compliance framework.

## How trustees can protect members' superannuation balances

Trustees have made progress since the 2021 joint letter in having formal processes in place for checking advisers' identification and qualifications.

Where applicable, trustees must have confidence in the assurances given to them through attestations.

As part of the onboarding process, trustees can develop further checks and procedures to better understand the business of licensees and their advisers.

Going beyond a limited set of checks and understanding the business model of new licensees during onboarding can help to protect members' superannuation balances from unscrupulous advisers and licensees, including those using cold calling operators. This could include asking how they source new clients, the type of advice they provide, or if they specialise in a particular area or strategy.

# Active monitoring of advisers and licensees

## Guidance and expectations

Trustees should have appropriate processes in place to identify situations that may require further investigation. They should investigate when they become aware of concerns about advisers or licensees.

Reviewing portal activity can be an effective way to identify member accounts that are the subject of activity by advisers, and so identify potential instances of fees for no service.

## What we found

### Checking the Financial Advisers Register

The frequency in trustees checking the [Financial Advisers Register] varied, ranging from weekly, through to annually or ad-hoc.

### Maintaining watchlists

Some trustees maintained watchlists or other forms of intelligence to take a risk-based approach to monitoring advisers and licensees.

### Checking adviser activity

Our review found that while some trustees were using their member portals or platforms to identify adviser inactivity, others were not.

### Assessing advisers or licensees as unsuitable

We asked trustees whether they assessed any advisers or licensees during the relevant period as unsuitable. **Four** trustees did not assess any advisers or licensees as unsuitable.

Trustees reported the following factors that helped them identify concerns with advisers or licensees:

- refusal or inability of an adviser to provide advice documents
- no proof of substantial advice or portfolio changes for members
- evidence of insufficient monitoring and supervision by the licensee
- rapid business growth or businesses with short operating histories
- advisers with frequent licensee changes, and
- multiple instances of high advice fees.

Better practices identified in our review include verifying a member's signature against records, reviewing historical fee activity and modelling accounts for potential balance erosion.

We also asked trustees how many members had actively withdrawn their consent during the relevant period. Alarmingly, **three** trustees were unable to provide this information.

The following case study provides examples of monitoring practices in action.

**Case study: Trustee investigations**

One trustee considered the following factors to identify potential concerns about advisers or licensees:

- the geographical spread of the advised members relative to the adviser's location
- the length of the relationship between the adviser and members
- similarities or differences between members with the same adviser (e.g. if the members had similar investment strategies despite significant differences in age and balance)
- similarities or differences in the fees charged to members, and
- the rate of contact between the adviser and members.

## How trustees can protect members' superannuation balances

Reviewing the Financial Advisers Register regularly allows trustees to respond quickly where advisers unexpectedly transfer between advice licensees.

Monitoring advice fees for patterns or irregularities (e.g. repeated advice fees of an amount that reflects fees for initial rather than ongoing advice), adviser inactivity in portals and intelligence on licensees, such as complaints or withdrawn consent can help trustees protect their members' superannuation balances.

Where trustees identify significant concerns about an adviser or licensee, they should consider reporting to ASIC.

# Other factors

## Complaints and systemic issues

The 2021 joint letter noted that trustees were failing to actively investigate member complaints about the deduction of advice fees.

Member complaints are a key risk indicator of systemic problems within a fund. Timely identification and resolution of systemic issues can reduce member harm.

In our review, seven trustees reported investigating complaints they had received.

To protect members' superannuation balances, trustees could also monitor complaints about advisers, being vigilant for any abnormalities or patterns indicating a systemic issue.

Complaints provide a useful source of information for trustees to consider improvements to their oversight processes.

## Advice fee labels

The 2021 joint letter reported a large number of poorly distinguished advice related fees for some products. This risked confusing members, and the charging of multiple fees could lead to balance erosion.

In our review, we asked trustees to outline the advice fee labels used in member statements.

Some trustees used up to seven fee labels over the data period. In these instances, fees covered service fees, licence fees, brokerage and portfolio management.

The language used for fee labels varied between trustees. Better labelling practices were clear and explicitly distinguished between ongoing and non-ongoing advice fees. Poorer practices relied on catch-all 'advice fee' labels that did not fully describe the nature and frequency of the deduction.

Unnecessary erosion of members' balances can be reduced if members are supported to understand what is being charged against their superannuation balance by using simple, accurate fee labels that describe the nature and frequency of the fee.

## Deductions for general advice

The 2021 joint letter noted that some trustees allowed third party advisers to charge fees for general advice services. The letter highlighted the limitations in checking general advice provided by third party advisers, as statements of advice are not required.

Eight trustees reported they did not deduct fees for general advice during the data period. The two remaining trustees have subsequently stopped deducting fees for general advice.

Trustees that permit general advice fee deductions should review their arrangements. Proposed reforms to s99FA of the SIS Act would eliminate the ability to charge against members' superannuation balances for general advice.

# Appendix 1: Data tables for ASIC's review

### Table 1: Trustees and funds included in ASIC's review

| Trustee | Fund |
|---|---|
| Australian Retirement Trust Pty Ltd | Australian Retirement Trust |
| AustralianSuper Pty Ltd | AustralianSuper |
| Aware Super Pty Ltd | Aware Super |
| Diversa Trustees Ltd | Praemium SMA Superannuation Fund |
| Equity Trustees Superannuation Ltd | AMG Super |
| HTFS Nominees Pty Ltd | HUB24 Super Fund |
| I.O.O.F. Investment Management Ltd | IOOF Portfolio Service Superannuation Fund |
| Macquarie Investment Management Ltd | Macquarie Superannuation Plan |
| N. M. Superannuation Pty Ltd | Wealth Personal Superannuation and Pension Fund |
| Netwealth Superannuation Services Pty Ltd | Netwealth Superannuation Master Fund |

**Note:** In this table, the trustees are sorted alphabetically. The order does not correspond with the order in Table 3.

### Table 2: Reported checks of advice documents

| Category | Percentage |
|---|---|
| Number of trustees reporting no checks | 30% |
| Number of trustees reporting 1–49 checks | 50% |
| Number of trustees reporting 50 or more checks | 20% |

**Note:** This is the data shown in the first graph in the snapshot on p. 5 of this report.

### Table 3: Instances of advisers or advice licensees assessed as unsuitable by trustees

| Trustee | Number of licensees providing financial advice services to members | Number of advisers or licensees assessed as unsuitable |
|---|---|---|
| Trustee 1 | 973 | 69 |
| Trustee 2 | 874 | 2 |
| Trustee 3 | 671 | 0 |
| Trustee 4 | 474 | 1 |
| Trustee 5 | 442 | 0 |
| Trustee 6 | 300 | 38 |
| Trustee 7 | 203 | 0 |
| Trustee 8 | 143 | 14 |
| Trustee 9 | 84 | 0 |
| Trustee 10 | 52 | 27 |

**Note:** This is the data shown in the second and third graphs of the snapshot on p. 5 of this report. In this table, the trustees are sorted from the highest number of licensees to lowest during the data period. The order does not correspond with the order in Table 1.

# Appendix 2: Inappropriate switching case study

## Methodology

We used ASIC's Moneysmart superannuation calculator, which is publicly available, to determine the potential superannuation balance erosion to a member due to ongoing and non-ongoing fees.

The case study served as an illustration of potential harm to the retirement balance of members due to the impacts of compounding and the time value of money.

To isolate the impact to the advice fee charged, we have set all other fees to $0 or 0%. When calculating the $3,000 non-ongoing fee we used the 'Compare alternative fund' calculator option. When calculating the impact of an ongoing fee, we compared the results of an advice service fee of 0% against the results of $1,000 or 3%.

## Assumptions

ASIC's Moneysmart superannuation calculator provides a detailed list of assumptions. However, for the purposes of illustrating the impact on a member's balance at retirement, we simplified some of the inputs used in the calculation: see Table 4.

Please note that the calculation was performed in May 2024. The Moneysmart superannuation calculator may be updated in the future and the assumptions it uses may be subject to change.

We used an effective tax rate of 7%, inflation of 2.5% and assumed a 7.5% return based on the modelling used in the Retirement income review report published in 2020 by Treasury.

**Table 4: Data input for case study**

| Input | 25 year old ($3,000 non-ongoing fee) | 45 year old ($1,000 ongoing fee) | 45 year old (3% ongoing fee) |
|---|---|---|---|
| Age | 25 | 45 | 45 |
| Income | $60,000 | $90,000 | $90,000 |
| Desired retirement age | 67 | 67 | 67 |
| Super balance | $10,000 | $100,000 | $100,000 |
| Employer contribution | 11% | 11% | 11% |
| Additional contributions | No | No | No |
| Fund fees: Admin fees | $0 | $0 | $0 |
| Investment return | 7.5% | 7.5% | 7.5% |
| Tax on earning | 7% | 7% | 7% |
| Investment fees | 0% | 0% | 0% |
| Withdrawal/termination fee | $3,000 | $0 | $0 |
| Alternative fund: Admin fees | $0 | N/A | N/A |
| Alternative fund: Investment fees | 0% | N/A | N/A |
| Advanced: Advisers service fee | 0% | $1,000 | 3% |
| Advanced: Insurance fees | $0 | $0 | $0 |
| Advanced: Rise in cost of living | 2.5% | 2.5% | 2.5% |
| Additional rise in living standards | 0% | 0% | 0% |

# Key terms and related information

## Key terms

| | |
|---|---|
| **2019 joint letter** | ASIC and APRA publish joint letter on superannuation fees, 10 April 2019 |
| **2021 joint letter** | Further guidance on oversight of advice fees charged to members' superannuation accounts, 30 June 2021 |
| **advice documents** | Documents prepared by, or on behalf of, an adviser or licensee evidencing the provision of financial product advice to a retail client |
| **adviser** | A natural person providing personal advice to retail clients on behalf of an AFS licensee who is either:<br>› an authorised representative of a licensee, or<br>› an employee representative of a licensee<br>Note: This is the person to whom the obligations in Div 2 of Pt 7.7A of the Corporations Act apply. |
| **AFS licence** | An Australian financial services licence under s913B of the Corporations Act that authorises a person who carries on a financial services business to provide financial services<br>Note: This is a definition in s9 of the Corporations Act. |
| **AFS licensee (or licensee)** | A person who holds an AFS licence under s913B of the Corporations Act |
| **APRA** | Australian Prudential Regulation Authority |
| **Corporations Act** | *Corporations Act 2001*, including regulations made for the purposes of that Act |
| **data period** | Data collected for the period 1 April 2022 up to, and including, 31 March 2023 |
| **Financial Advisers Register** | ASIC's searchable register of financial advisers |
| **financial product advice (or advice)** | Has the meaning given in s766B of the Corporations Act |
| **member consent (or consent)** | A member's written consent to deduct ongoing fees or non-ongoing fees from their superannuation account, in accordance with the relevant legislation |
| **non-ongoing fee** | A fee payable under a non-ongoing fee arrangement |
| **non-ongoing fee arrangement** | See Information Sheet 280 *FAQs: Non-ongoing fee consents* (INFO 280) |
| **ongoing fee** | A fee payable under an ongoing fee arrangement |
| **ongoing fee arrangement** | See Information Sheet 256 *FAQs: Ongoing fee arrangements* (INFO 256) |

| | |
|---|---|
| **Royal Commission** | The Royal Commission into Misconduct in the Banking, Superannuation and Financial Services Industry |
| **s99FA (for example)** | A section of the SIS Act (in this example numbered 99FA) |
| **SIS Act** | *Superannuation Industry (Supervision) Act 1993* |
| **sole purpose test** | The obligation set out in s62 of the SIS Act |
| **superannuation fund (or fund)** | Has the meaning given in s10(1) of the SIS Act |
| **superannuation trustee (or trustee)** | A person or group of persons licensed by APRA under s29D of the SIS Act to operate a registrable superannuation entity (e.g. superannuation fund) |

## Related information

### Headnotes

Advice, non-ongoing fees, ongoing fees, superannuation, trustees

### Legislation

*Corporations Act 2001*

*Financial Sector Reform (Hayne Royal Commission Response No. 2) Act 2021*

*Superannuation Industry (Supervision) Act 1993*

### ASIC documents

21-058MR *ASIC releases advice fee consent and lack of independence disclosure legislative instruments* (25 March 2021)

21-134MR *ASIC releases guidance on ongoing fee arrangements* (15 June 2021)

24-092MR *ASIC issues warning over dodgy cold calling operators and online baiting tactics* (7 May 2024)

INFO 256 *FAQs: Ongoing fee arrangements*

INFO 280 *FAQs: Non-ongoing fee consents*

RG 36 *Licensing: Financial product advice and dealing*

### ASIC and APRA documents

ASIC and APRA publish joint letter on superannuation fees, 10 April 2019

Further guidance on oversight of advice fees charged to members' superannuation accounts, 30 June 2021