



**SUBMISSION IN RESPONSE TO ASIC'S CONSULTATION PAPER**  
**CP 351 Superannuation forecasts:**  
**Update to relief and guidance**

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# About the SDA



The Shop, Distributive and Allied Employees' Association (the SDA) is one of Australia's largest trade unions with over 210,000 members. Our members work in retail, warehousing, fast food, hairdressing, beauty, pharmacy, online retailing, and modelling.

The majority of SDA members are women (60%, approximately 131,000), under 35 years (57%, approximately 120,000 workers), and low-income. Retail and food services are two of the three lowest industries for median weekly earnings.

The SDA has a long history of advocating on behalf of members. We do this through enterprise bargaining; making submissions regarding Awards and the NES to provide a relevant safety net; and through numerous submissions made to parliamentary and government inquiries and other important reviews.

The SDA has 10 policy principles that guide our engagement in these reviews. For a list of these, see Appendix A.



# Submission in response to ASIC's consultation paper CP 351

## Superannuation forecasts: Update to relief and guidance

### Executive Summary

Consultation Paper 351 focusses on relief from the *Corporations Act 2001* (the Act) expectations of financial advice for superannuation calculators and retirement estimates. However, the review should be in the context of the need for calculators and estimators to support Australians save for their retirement and have a superannuation system that supports the economies in which we live and work.

For most Australians, it is true to say that “more money in their super is a good thing” but saying so is subject to regulatory expectations which result in levels of risk management that could rightly be described as ‘overkill’. For example, to suggest that a person who uses a calculator to get advice from a reputable, cheap or free provider is considered advice and ruled out of relief from the expectations of the Act. There is also compliance expectations that are so high that something as simple as a comparison compounding interest calculator is shied away from. Why is this so? Because the financial services system is designed around those with high incomes with wealth management objectives rather than responding to the need for simple communication of the benefits of super for those on low and middle incomes. Relief from the advice expectations of the Act needs to permit simplicity.

Due to assumptions – both in design and in the reading of results and estimates – there is a need to have systems to regulate behaviour. But the systems that surround calculators and estimates supplied by RSE licensees, including significant risk management processes, suggest that there is a misplaced focus on stopping these entities from offering additional supports such as links to advice. It would be better for ASIC to learn about and respond to those business applications that change the behaviour of Australians subversively through employee onboarding or payroll processes and those personal apps that help in some ways but are a risk in others – such as budgeting, saving and finance tracking apps.

### Calculators need to be allowed to be simple.

Australians deserve to have access to information that helps them see that it is possible to have the same standard of living in retirement as they have while working. Calculators can be a simple tool for that process. It is in this context the SDA firstly says that the relief needs to accommodate this simplicity – like a comparison compounding interest calculator.

Episode 5 “What is Compound Interest” of “My Five Cents” available at ABC iView<sup>1</sup> provides excellent simple information that would clearly support understanding that “more money in your super is a good thing”, but turning this into a calculator to support new or low-income members see what it could mean for them would cause excessive risk management oversight suited to wealth management advice rather than to education and engagement.

There is also a role for calculators that can help members establish when the notion that “more money in your super is a good thing” is no longer the case. For example, there is a role for simple calculators that can help a person on a lower or middle income assess additional contributions in the context of different types of asset expenditure in the lead up to retirement and if that has an impact on the age-pension. Whilst it may be imperfect at predicting a retirement income, it would assist Australians with their decision making and planning. As this would be imperfect, it should be okay for a super fund with all its regulatory context to offer a place to get more information during or after such a calculator is used.

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<sup>1</sup> <https://iview.abc.net.au/show/my-five-cents/series/1/video/CK1940H005S00>

## Calculators need to be allowed to send people for more information.

In the context of financial services policy, calculators are an affordable alternative to financial advice and the proposed relief from the Act needs to accommodate digitally enabled options that meet the needs of members from the time their first contributions are made, with balances as low as \$45<sup>2</sup>. The relief needs to permit apps or calculators to have a link to a way to get simple advice from your fund.

As you approach retirement, a person needs to be able to go in and play with calculators, talk with a human being about what their goals and options are, and come to their own decision about what suits them best. At present, this kind of discussion is hard to access – whether it is called “counselling”, “coaching”, “planning” or “advice”, it usually requires a scheduled appointment during business hours and often without an indication of cost up front and once you’re in the discussion it’s hard to get out.

Presently, the advice a fund can provide to members where the cost of the advice is borne by all members of the fund (intra-fund advice), is mainly for the extent of insurance cover, increasing contributions, and changing investment options. There is an opportunity for intra-fund advice to assist with retirement contribution planning so that members can get access to simple advice about the adequacy of their contributions for their intended retirement income.

Further, it seems absurd that a fund can provide the whole of a person’s benefits to a spouse upon their death, but cannot offer advice about superannuation that relates to that spouse’s super account and the interaction between a couple’s accounts. Changes to advice or the relief proposed could also do more to support members make decisions about the household retirement income, rather than the individual.

## ASIC needs to consider business operations apps and personal finance apps that risk advice.

Finally, ASIC needs to be aware of new digital methods of operating in business and life that risk the provision of advice in error including by defaults in drop down menus and forwarding links. While super funds offering calculators and a link to simple advice is reasonable, it is not okay to have unscrupulous app developers getting around the rules to make money. Preferential treatment of certain providers in drop down menus might be attractive to those operating in app development world, but in the context of their impact on the retirement savings and income of Australians may see poorer outcomes.

Predominately an issue for employees of small businesses seeking easier ways to do business through digital means, this is also concerning for those with budgeting, saving and finance tracking apps.

There are two areas of risk identified by the SDA. Firstly, business applications that change the behaviour of Australians subversively through employee onboarding or payroll processes and, secondly, those personal apps that support budgeting, saving and finance tracking. These operate largely outside the regulated context, unless they are owned by a financial service.

## Recommendations:

This submission seeks that ASIC provide relief that is flexible for simplicity for those with appropriate systems in place, but tight enough to hold those outside the heavily regulated super system to account.

Specifically, ASIC should ensure the new relief

1. allows calculators to be simple.
2. allows calculators to send people for more information from super funds.

ASIC should also:

3. consider business operations apps and personal finance apps that risk advice.

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<sup>2</sup> \$45 is amount payable if a person earns the current minimum superannuation guarantee threshold of \$450 per month.

## Appendix A: Rationale for SDA policy positions

SDA policy is driven by providing value to our members whose work is regulated by a broken industrial framework. We seek an economic system that supports, protects and advances the interests of working people in this country.

Our predecessors built the conciliation and arbitration system which provided the foundations to our nations prosperity over a century ago, it is now our responsibility to build a system for the next generation.

Since the introduction of the Fair Work Act 2009 and subsequent radical changes to the financial and digital context inequality has grown and economic and political power has concentrated in the hands of a few.

We believe that fundamental not incremental change is needed. In contributing to policy, we seek to drive a new system that acknowledges the change that has occurred and will withstand the emerging world of work.

We engage in topics that help us drive this agenda and are guided by ten principles that we believe will create value for our members. Those principles are:

- 1. Address Inequality & Enshrine Fairness**  
Minimum expectations must be set and adhered to.
- 2. Equity & Empowerment**  
All workers must be supported to progress so that no-one is left behind.
- 3. Mobility & Security**  
A socially successful economy must provide opportunity for all, regardless of their background. Systems must be built in a way that support success and adaptation in a rapidly changing world of work.
- 4. Delivering Prosperity & Growth For All**  
A foundation for prosperity and economic growth must be achieved.
- 5. Protection in Work & Beyond**  
Workplaces and the community must be healthy and safe for all workers and their families during and beyond their working lives.
- 6. Workers Capital & Superannuation**  
Workers capital and superannuation must be an industrial right for all workers and treated as deferred earnings designed for dignity and justice in retirement.
- 7. A Strong Independent Umpire**  
A strong, independent, cost effective and accessible industrial umpire and regulator must be central to the future system of work in Australia.
- 8. Protection & Support for Our Future**  
Protecting and supporting our future requires a strong and vibrant retail industry and supply chain providing jobs with fair and just remuneration and contributing to the economy including through skilled workers.
- 9. Work & Community**  
Work is a fundamental human activity that provides for personal, social and economic development. Work as it operates in community must build and protect a balance between life at work and life so that workers can contribute to society through the wider community.
- 10. Institutional Support for Collective Agents**  
Institutional support must provide for collective agents (registered organisations) so that they are recognised, enshrined and explicitly supported as central to the effective functioning of the system.

Details of specific policy positions can be discussed by contacting the SDA National Office.

