

# Superannuation changes in the 2020/21 Federal Budget

The 2020/21 Budget announced some major measures that directly impact super including:

## Changes to default super – ‘Your Future, Your Super’ measures

The Government announced its intention to make a number of significant reforms in its ‘Your Future, Your Super’ package intended to be in place from 1 July 2021, including:

- Super to follow employees:
  - For employees their existing super account for receiving superannuation guarantee (SG) contributions will be ‘stapled’ to them and apply until they elect otherwise. This is to avoid the creation of a new account when that person changes their employment
  - Unless you decide otherwise, your new employer will pay your SG contributions to your existing fund
- Empowering members to compare and select funds:
  - The Australian Taxation Office (ATO) will develop systems so that individuals will be able to select a super product from a table of MySuper products through a new ‘YourSuper’ portal - the portal will rank MySuper products and will be updated quarterly
- Holding funds to account for underperformance:
  - New members will not be permitted to join funds determined to be “underperforming” according to the Australian Prudential Regulation Authority (APRA) benchmarking tests in two successive years – the annual performance test will apply to MySuper products from 1 July 2021 and to “trustee directed products” from 1 July 2022
- Improving the transparency and accountability of super funds:
  - New laws will seek to strengthen the best interests obligations on super trustees to require that their actions are always consistent with members’ retirement savings being maximised; requiring trustees to demonstrate a reasonable basis to support all fund expenditure and to provide prescribed information to members in advance of annual member meetings

## APRA’s annual benchmarking tests for super products

APRA will conduct annual benchmarking tests on the net investment performance of:

- MySuper products from July 2021
- Non-MySuper accumulation products where the decisions of the trustee determine member outcomes from 1 July 2022

Products that have underperformed over two consecutive annual tests will be prohibited from accepting new members until their performance improves

Super funds which had products fail the benchmarking test(s) will be required to disclose their underperformance to members, and tell their members the YourSuper comparison tool is available for them to compare their product with other MySuper products and help them switch to a better performing fund.

#### **COVID-19 temporary early release to super**

This initiative allowed individuals to access up to \$10,000 of their super in 2019/20 and up to a further \$10,000 in 2020/21 to help support them during COVID-19.

The application period for 2020/21 withdrawals was extended from 24 September to 31 December 2020. The Budget did not make any further changes to the early release initiative.