



MEDIA RELEASE

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SUPERANNUATION HEATMAPS UNDERSCORE IMPORTANCE OF CONSUMER ENGAGEMENT AND FINANCIAL ADVICE

The release of the Australian Prudential Regulation Authority's (APRA) heat maps for MySuper and 'choice' investment products today underscores the importance of ensuring consumers can access affordable financial advice that considers their investment and life insurance needs.

The heat map assessment process is distinct from the Government's 'Your Super' performance assessment, which will be applied again to MySuper and, for the first time, to 'Trustee Directed' investment products in 2022. The heat maps, however, are an important pre-cursor to the Your Super assessments as they are designed to shine a light on investment returns and fees.

Acting CEO of the FSC, Blake Briggs, said: "It is an important wake up call for consumers that not all MySuper products and investment options perform strongly. Consumers should take this opportunity to become engaged with their superannuation and seek financial advice when making investment decisions."

"The heat maps show a range in investment returns and fees offered by funds across all sectors in the superannuation industry. Trustees have an opportunity to use the heat maps to strengthen their products, and we have already been seeing fees reduced since the first MySuper assessment earlier this year."

Today's heat maps also raise questions about the appropriateness and accuracy of the assessment methodology being applied by APRA. The implementation of new performance assessments was always an iterative process, and in the lead up to further Your Super assessments in 2022 the FSC would welcome consultation on investment options where the current benchmarks do not reflect the underlying assets.

"The FSC is concerned that the 'blunt stick' of performance assessments may cause consumers to disregard their insurance arrangements and not consider whether they can secure suitable life insurance cover should they switch funds," Mr Briggs said.

"Consumers are encouraged to seek financial advice that takes into account both their insurance and retirement needs before making decisions based on APRA's heat map publications."

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About the Financial Services Council

The Financial Services Council (FSC) has over 100 members representing Australia's retail and wholesale funds management businesses, superannuation funds, life insurers, financial advisory networks and licensed trustee companies. The industry is responsible for investing almost \$3 trillion on behalf of more than 15.6 million Australians. The pool of funds under management is larger than Australia's GDP and the capitalisation of the Australian Securities Exchange and is the fourth largest pool of managed funds in the world.