



MEDIA RELEASE

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BEST PRACTICE SUPERANNUATION FRAMEWORK FOR EMPOWERING CONSUMERS FOR RETIREMENT

The Financial Services Council (FSC) today releases a best practice framework showing how superannuation funds can strengthen their product, service and engagement offering across all stages of a customer's life.

[*Empowered for Retirement: A Best Practice Framework for Superannuation Funds*](#), prepared by NMG Consulting on behalf of the Financial Services Council (FSC), illustrates what a sophisticated retirement offering looks like from the start of a person's working life through to their retirement.

The framework is designed to inform and support superannuation funds' compliance with their Retirement Income Covenant obligations, and is released in advance of the Government developing 'Best Practice Principles' to demonstrate the importance of personalised retirement outcomes, including personal financial advice.

The FSC framework includes four age-based cohorts, each with different objectives and product, service and engagement requirements. The framework is designed so that superannuation funds are better able to empower individuals to make good choices to maximise their retirement outcomes and meet their financial objectives.

It is anchored around four fundamental principles:

- 1) Retirement is a service, not just a product proposition. Retirement strategies must consider engagement, education and advice in tandem with financial products.
- 2) Retirement is individual. Household finances and individual goals drive retirement needs.
- 3) Start early. Retirement strategies must consider member needs on a whole-of-life basis, starting with early engagement.
- 4) Keep it simple. The focus should be on providing the right level of support and guidance and simplifying the experience for members.

CEO of the FSC Blake Briggs said: "The research shows that by 2033, Australia will have almost 3.6 million retirees holding around 25 per cent of all the assets in the Australian retirement system. Additionally, a further 6.2 million Australians will be approaching retirement making up almost half of the system's assets.

“The Retirement Income Covenant and the Government’s proposed ‘Best Practice Principles’ for retirement should focus on ensuring that superannuation trustees take a sophisticated and personalised approach to their members’ retirement needs.

“The FSC framework provides funds with a strategy to assist Australians to maximise their retirement income and manage longevity and investment risks.

“This framework is a benchmark for the industry to measure itself against to ensure funds are serving members in the best way possible. It outlines what a good versus a mature superannuation fund with a retirement proposition should offer to their members.

“Our framework demonstrates that a trustee’s strategy should involve tailored engagement with superannuation fund members based on their life stage and the information the trustee readily has about them. Superannuation funds should have this engagement from the day a member gets their first superannuation contribution, across the lifecycle, to maximise retirement outcomes when a person finally retires,” Mr Briggs said.

“The default-heavy design of Australia’s superannuation system is having the unintended consequence of allowing people to be disengaged, especially as they near retirement, when the stakes are highest. Ultimately everyone’s needs and goals are different, and best practice involves superannuation funds facilitating access to personal financial advice. A one-size-fits-all approach often falls short of giving people the flexibility and support they need to get the most out of their superannuation.”

The findings build on [FSC research from last year](#), which projected a 70 per cent surge in Australians with complex financial advice needs over the next 25 years, from 4.3 million to 7.2 million. Yet, regulation skews toward a one size fits all approach, sidelining those who need tailored, sophisticated advice.

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About the Financial Services Council

The FSC is a peak body which sets mandatory Standards and develops policy for more than 100 member companies in one of Australia’s largest industry sectors, financial services. Our Full Members represent Australia’s retail and wholesale funds management businesses, superannuation funds and financial advice licensees. Our Supporting Members represent the professional services firms such as ICT, consulting, accounting, legal, recruitment, actuarial and research houses. The financial services industry is responsible for investing more than \$3 trillion on behalf of over 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 one of the largest pools of managed funds in the world.