

My Super - The Industry Funds have FAILED

“The introduction of ‘My Super’ under the FoFA (Future of Financial Advice) reforms is proof that industry superannuation funds have failed their stated aim of being the custodian of working people’s retirement savings,” according to Adelaide based financial strategist Theo Marinis.

“Board members of industry super funds should be alarmed that the federal government has mandated the introduction of a low cost vehicle, dubbed ‘My Super’, to help the lowly paid collect their retirement savings. This is the role industry funds were established to play.”

“Industry funds have, in my view, become a comfortable club which is no longer challenged to think outside the square, with respective funds almost exactly the same as each other in terms of cost, services and often, shared administration systems.”

“In addition, many industry fund practices, ranging from ‘smoothing’ performance from year to year, through to members with larger balances effectively subsidising those with small accounts, do not provide members with the transparency they are entitled to.”

“Perhaps it is time the industry super funds re-examined their reason for existence, committed themselves to cutting their own costs and increased their service levels. ‘My Super’ in my view, is a warning to them.”

“Low fee offerings are no longer the sole premise of industry funds and their poorer cousin ‘My Super’. My clients already enjoy transparent, fully functional, unlimited choice investment platforms, in many cases from as little as 60 basis points – 40 per cent lower than many of the old ‘one size fits all’ industry fund approach.”

“Whilst industry funds play a role as a place to start a savings pool (as no doubt, will ‘My Super’) when an individual account balance approaches the \$300,000 level, sound financial advice – on a fee for services basis - becomes paramount. At the end of the day, the advice received is more important than the vehicle for building savings – however, a big part of that advice should include keeping costs to a minimum,” Theo said.

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