# Cameos

To provide further insight into the impact of fees, investment performance, multiple accounts and insurance on superannuation members, the Commission developed a series of cameos. These cameos illustrate how various factors can compound over time to affect a member’s superannuation balance at retirement.

This document brings together the cameos presented in the draft report. The assumptions underpinning the cameos are set out in chapter 1 (box 1.6, p. 88).

Being defaulted into a single top-performing MySuper product would lift the retirement balance of the median 55 year old by up to $61 000 when they retire, compared to being defaulted into two underperforming products

(p. 30; 418)



For a new workforce entrant today, the gain would amount to $407 000 by the time they retire in 2064.

(p. 30; 418)



Underperformance compounds to substantially lower retirement balances

(cameo 1 p. 12; cameo 2.2 p. 117, cameo 9.1 p. 375)

Cameo 1 This figure illustrates the results of a cameo simulation for median top quartile v. median bottom quartile returns. The difference between the two is $635 000 (or 53% less at retirement). 

MySuper returns can be a lottery for default members

(cameo 2 p. 14; cameo 2.3 p. 122; cameo 12.1 p. 428)

Cameo 2 This figure illustrates the results of a cameo simulation for the median top-10 MySuper return v. the median underperforming MySuper return. The gap is $375 000 (or 36% less at retirement). 

Higher fees materially erode balances at retirement

(cameo 3 p. 15; cameo 3.1 p. 128)

Cameo 3 This cameo illustrates that higher fees of just 0.5 per cent of assets (or half a percentage point) will detract from the retirement balance of someone starting work today by $100 000, or 12 per cent.

Multiple accounts reduce retirement balances

(cameo 4 p. 19; cameo 12.2 p. 429)

Cameo 4 Multiple accounts can cost a member age 21 on a $50,000 starting salary about one years’ lost pay by retirement at age 67 — that is, $51,000 or 6 per cent less to spend in retirement ($833,000 rather than $782,000). This assumes $340 in average insurance premiums. 

Insurance policies erode balances for low‑income workers

(cameo 5 p. 21; cameo 8.1 p. 328)

Cameo 5 This cameo illustrates that for a low income worker, paying for insurance (life, TPD and IP with blue collar loading) could reduce their balance at retirement by $85 000, or 14 per cent.

A small difference in returns matters a lot

(cameo 2.1 p. 92)

Cameo 2.1 This figure illustrates cameo model results. A 1 per cent difference in returns, over an accumulation stage, can reduce retirement balances by around $255 000

For disadvantaged members, insurance’s cumulative impact can be extremely high balance erosion

(cameo 8.2 p. 329)



## Other figures and tables using Cameo Model results

The character of member harm

Subpar system performance = much lower member balances

(figure 11 p. 32; figure 11.1, p. 418)

Fig 11 This figure illustrates how much worse off at retirement (at age 67 years) a typical 21 year old entering the workforce today would be as a consequence of four different scenarios. First, if they were in the median underperforming MySuper product they would be $450 000 or 42 per cent worse off. Second, if they held two accounts rather than one across their working life they would be %51 000 or 6 per cent worse off. Third, if they were paying an extra 0.5 per cent a year in fees they would be $100 000 or 12 per cent worse off. Fourth, if they instead were a low income member and holding insurance including a light blue collar loading and income protection they would be $85 000 or 14 per cent worse off.

Multiple accounts — a heavy penalty on retirement

Projected returns on contributions by number of accounts helda

(figure 6.6 p. 251)



a Returns on contributions of about $350 000 over the members working life.

Unpaid SG payments can have a significant impact on retirement balances

Cameo model simulation results by per cent unpaid for ages 21 to 25

(figure 6.13 p. 264)



Insurance balance erosion cameo scenarios  
(table 8.2 p. 326)

| Table 8.2 Insurance balance erosion cameo scenarios**a** |
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| | Scenarios | Contributions | | |  | Premiums | | | |  | Balance erosion at retirement | | | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | | Starting wage | Average wageb | Work history |  | Insurance cover | Risk loading | Multiple policies | Average premium |  | Real value | Share | |  | $ | $ |  |  |  |  |  | $ |  | $ | % | | Average worker | 50 000 | 63 000 | Full‑time |  | Life and TPD | White collar | No | 282 |  | 35 000 | 4.0 | | IP insurance | 50 000 | 63 000 | Full‑time |  | **Life, TPD and IP** | White collar | No | **541** |  | 60 000 | 6.9 | | Low income | **36 000** | **45 000** | Full‑time |  | Life and TPD | White collar | No | 282 |  | 35 000 | 5.6 | | Interrupted work history | 50 000 | **51 000** | **Intermittent** |  | Life and TPD | White collar | No | 282 |  | 35 000 | 5.6 | | Multiple accounts | 50 000 | 63 000 | Full‑time |  | Life and TPD | White collar | **Yes** | **409** |  | 55 000 | 6.4 | | Low income worker | **36 000** | **45 000** | Full‑time |  | **Life, TPD and IP** | **Light blue collar** | No | **771** |  | 85 000 | 13.6 | | Cumulative impact | **36 000** | **37 000** | **Intermittent** |  | **Life, TPD and IP** | **Light blue collar** | **Yes** | **995** |  | 125 000 | 28.2 | |
| a Assumptions that are different from the ‘Average worker’ scenario are in bold. b This excludes the effect of real wage increases (all cameo scenarios assume economy‑wide real wage growth of 1.5 per cent annually). |
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