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Submission to the Productivity Commission's Superannuation: Alternative Default Models' Report

I am a 43 year old female who has been in the Australian workforce for 25 years.

I think I am the perfect demographic to comment on your draft 'Superannuation: Alternative Default Models' Report because I am young enough to remember when superannuation seemed to me to be a boring old person's subject that didn't concern me; yet old enough to realise, at 43, how deeply concerning it is to my financial future and quality of life as I age.

I am also in a situation very relevant to your Report, which is, despite my best and persistent efforts (as well as that of two financial planners, over six years) to effectively manage my superannuation, I have been vexed at every turn by a system that seems to protect everyone's interests (super funds, government) rather than my own.

My super is still spread over **four** accounts when I would prefer it to be in **one** of **my choice**. Far from being a disengaged member, I am a very active member, trying to exercise choice and judgement – which to me does not seem to be wanted or appreciated by the Australian superannuation industry (and presumably by the government which regulates it – although kudos to the Commonwealth Government for tackling this issue).

Superannuation is a Women's Issue

Given this is a public submission I will not reveal my current superannuation balance. Suffice to say, it is one third of the amount of my husband's current super balance. He is five years older than me and we have always earned a similar income. His super balance is three times the size of mine because he has:

- worked in male-dominated industries with excellent super entitlements
- had employment stability, therefore does not have multiple default accounts eroding his compound interest
- not taken time out of the workforce on maternity leave or worked part time to care for a child

My work history is similar to many women, taking time out of the work force for caring roles, and being financially punished for this in our senior years. **The poverty of ageing women is a major social challenge for Australia and one that could so easily be prevented and ameliorated by policy levers.** Reforming default funds is a good place to start.

I would like to see a greater emphasis on the gendered nature of superannuation in Australia. I will be interested to see how many women make a submission on this Report.

Compulsory Default Super Accounts and Limits on Individual Choice

After making a concerted effort to consolidate ten super accounts (all default) into one super product of my own choice in 2011, I then proceeded to be employed in five jobs, two of which I was not able to choose my own super fund, due to a compulsory default fund in the Enterprise Agreements. One of those two I was not even permitted to roll over when I left that job and sector. That account has \$8,000 in it that I can't touch, and its returns simply fund its admin costs.

Whose interests is this serving? Certainly not mine.

This is a system that is inefficient, broken, actively and systemically frittering away my retirement income. I applaud your concern for disengaged members – as an *engaged* member I feel powerless. God help disengaged members!

Back in 2011, my aim was to take control of my super. As a woman working in the health and education sectors, this has been impossible – due to compulsory default accounts that I had no interest in joining but was given no choice.

Information and Communication

I am a tertiary-educated woman who speaks English as a first language and I find the Product Disclosure Statements of super funds unintelligible. If we are to have a super industry that encourages informed choice then super funds will need to lift their game in communicating with consumers.

Principles of default accounts

I support the following principles of proposed default accounts:

- Recognise the Australian work force is mobile, part time, casualised
- One default product when you enter the work force, which follows you as a permanent default, regardless of employer, until you freely choose otherwise
- Super funds should compete for the opportunity to be in a pool of potential default accounts and the terms of that competition should be high returns and low fees, balanced out by ethical investment practices.
- All Australians in any job, in any sector, should be able to choose their own super account. If the industry super fund is a great value high performer then consumers will be attracted to it by choice.
- We should be protecting our vulnerable disengaged members (many of whom are young and retirement is not a real concept for them yet) by ensuring default accounts are the most reputable, reliable, with best returns and lowest fees possible.