

Efficiency and competitiveness of the Superannuation System in Australia

Superannuation – What does it mean in non technical terms?

“A system where money is placed in a fund to provide for a person's retirement.”

Another more common name for the system is a **Pension** or Pension pot which requires careful nurturing and protection from abuse.

It is therefore not unreasonable to expect that investments made on your behalf from the capital lodged will exceed the charges made in administering the Pension pot/fund, so that over time there should be little or no erosion in the valuation of that pot.

Sadly this does not seem to be the case and appears to be a means for some operators of the system to extract the maximum fees from a plan with little or no regard for the future well being of the individual(s) the fund was originally created for.

Whilst many organisations may put technical arguments forward for ensuring Insurance cover is in place for Death, Total and permanent disablement, Temporary Salary continuance etc on the pretext that Australians are generally under insured (whatever that means), this is a nonsense and there should be no **automatic** linking to the Pension Pot which currently allows for the legal plundering of one's pension.

The Pension pot should be **sacrosanct** thus ensuring less reliance on the state in ones old age. The system was not set up for the benefit of companies operating these schemes but rather for each individual.

If one leaves an employer and loses the right to stay in his or their scheme, any Insurance Cover existing under the original scheme should be immediately reassessed and related deductions cease to protect the individual from excessive charges.

It seems quite outrageous that as an individual, one has to confirm that these charges should be halted, rather than automatically halting the charges pending an answer from the individual as to whether the charges should continue.

If the latter approach was adopted, in the event that a person is not immediately contactable their pension is protected as **all charges** other than those required to provide for pension administration would cease, thus protecting the individual's right to retain his or her pension pot.

These “other” charges are invariably quite large and will decimate a pension scheme in a very short space of time. **The current practice should cease forthwith.**

An added bonus would be to reduce further the bureaucracy needed to run these schemes, thus reducing costs to the operating companies. Remember this should not be seen as a free lunch for all involved.

My submission whilst not being of a technical nature is a plea to tackle the injustice of poor control of charges within a Pension scheme to ensure everyone receives what they are entitled to upon retirement.

A submission by **Trevor Williams**