**Submission to the Productivity Commission Reviewing the Efficiency**

**and Competitiveness of the Australian Superannuation System**

This submission is being made by a husband and wife whose superannuation was moved from an industry superannuation fund to a self-managed superannuation fund (SMSF) after retirement of the husband and during transition to retirement by his spouse.

The reason for the change was to have a direct involvement in the investments of our superannuation monies. It was far more appealing to us to be involved and accept responsibility for our investment strategy than deal with “faceless individuals” backed by a call centre.

We do not choose investments in our SMSF simply on the basis of our own understanding of the market, but obtain investment information from a leading privately owned financial advice firm supported by a highly qualified global Investment Committee. This company provides us with year-round investment, accounting, compliance and administrative assistance at low and clearly enunciated (transparent) costs. Economies of scale due to numerous SMSFs being administered by the firm allow investment opportunities and benefits to be passed through to members.

Unlike the Industry fund which gave us little more than bi-annual statements, we receive insights from this firm through monthly updates and newsletters, education-focused events and investment presentations from leading economists. The immediacy of advice and assistance over the phone and by email by our personal advisor and accountant is exemplary. However, this is not our only source of information as we maintain awareness of global and local economic outlooks on a regular basis from a wide variety of publically and privately available sources. This allows us to rapidly change our portfolio investments in a matter of hours (if and where applicable). Such informed involvement and rapid response was not available from the institutional funds with which we had previously been associated, resulting in the loss of significant capital on several occasions.

Currently, our investment strategy has provided more than sufficient earnings to cover our mandatory withdrawal requirements while maintaining capital growth with a broad range of relatively stable and low risk investments. An excellent outcome given the current low interest environment. The value of individual investments in our portfolio are updated each week day and as trustees we review changes at least once a week via a web-based data set maintained by our financial firm. Such “real-time” specific data on each investment in our portfolio is what we aimed for and which we were not previously able to achieve outside our SMSF.

To be able to readily bench mark the performance and cash flow of our SMSF against other funds with similar (or dissimilar) risk profiles in real time (at least quarterly) irrespective of asset classes would be an advantage. Algorithms that can mix asset classes to allow such bench marking should be developed and be available to the public along with appropriate data sets for comparison.

Stability in superannuation policy is essential to increase efficiency across the super system in order to make long term investment plans that meet the Australian Government’s stated objective that superannuation “provide income in retirement to substitute or supplement the Age Pension”. Figure 1 in the *Productivity Commission Issues Paper*, July 2017, clearly shows that since 2005 there have been numerous changes to superannuation legislation creating instability and uncertainty both in the industry and in the minds of superannuants. It’s time that our parliament finally gets it right and lets things settle.