# 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)



MySuper returns can be a lottery for default members

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



Higher fees materially erode balances at retirement

(cameo 3 p. 15; cameo 3.1 p. 128)



Multiple accounts reduce retirement balances

(cameo 4 p. 19; cameo 12.2 p. 429)



Insurance policies erode balances for low‑income workers

(cameo 5 p. 21; cameo 8.1 p. 328)



A small difference in returns matters a lot

(cameo 2.1 p. 92)



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)



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** |
| --- |
|

| 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). |
|  |