

23/09/2025

The Treasury
Langton Crescent
Parkes ACT 2600

Via email to retirement@treasury.gov.au

Dear Treasury,

Best practice principles – superannuation retirement income solutions

AustralianSuper welcomes the opportunity to provide feedback to Treasury's consultation on the proposed Principles for retirement income solutions.

AustralianSuper is Australia's largest superannuation fund and is run only to benefit members. Over 3.5 million Australians are members of AustralianSuper, and we invest over \$385 billion of their retirement savings on their behalf. Our purpose is to help members achieve their best financial position in retirement.

We support the objective of the Principles, which aim to raise standards across the industry by clarifying what quality provision of retirement income looks like. We think that the drafting of the Principles broadly meets this objective, and we welcome their introduction. In particular, we support the emphasis on retirement income solutions as a comprehensive concept that goes beyond a narrow focus on product development. We also support the recognition that delivering better retirement outcomes relies on solutions, including products, product and system features, and guidance, that are based on a comprehensive understanding of member needs.

AustralianSuper considers it essential that the design and application of retirement income products and product settings be informed by the needs of clearly identified member cohorts. Tailoring solutions to reflect the characteristics and preferences of different groups is key to ensuring that account-based pensions and lifetime income products are both relevant and effective. Some suggestions to improve specific elements of the Principles are outlined below and in the Attachment.

AustralianSuper welcomes the adoption of a principles-based approach to guide retirement income solutions. However, certain elements within the draft Principles appear overly prescriptive, which may undermine the flexibility and responsiveness that a principles-based framework is intended to support. Some of the more prescriptive elements, such as the requirement to construct a minimum of three cohorts or to contact members who have drawn down the minimum for three years, may limit the flexibility needed to respond to actual member needs. These requirements appear arbitrary and may not be grounded in evidence of improved member outcomes. In addition, the current Principles combine minimum standards with best practice expectations. A more consistent approach would assist trustees in interpreting and applying the Principles effectively.

It is important that the Principles support the diversity of member needs and behaviours without prescribing a singular approach. Several of the principles relate to drawdown rates, with the consultation paper pointing to low drawdown behaviour conflicting with the legislated objective of super. Lump-sum withdrawals are an additional source of income in retirement for members, and need to be incorporated into any analysis of retirement income

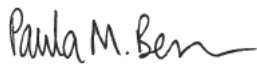
and drawdown behaviours. Flexible access to lump sums is an important feature for members, and should be reflected in the Principles. Likewise, the government age pension plays a key role in supporting retirement income for the majority of members, and is an important consideration in the design and development of retirement income solutions.

Finally, we note that the successful implementation of the Principles is contingent on the passage of reforms under the Delivering Better Financial Outcomes package. In particular, trustees will require the ability to provide targeted prompts to members in order to better engage and support members into appropriate retirement solutions. Access to relevant government-held data will also be critical to supporting the development and uptake of appropriate retirement income solutions. In the shorter term, improved insights into spending patterns in retirement would assist in refining product design and member guidance.

Further comments on AustralianSuper's position in response to the consultation questions are provided in the Attachment.

We would be pleased to provide additional information or to discuss this submission in further detail. If that would be of assistance, please do not hesitate to contact William Harding, Adviser, Government Relations and Public Policy (WHarding@australiansuper.com).

Yours sincerely,



Paula Benson

Chief Strategy Officer

Attachment – Consultation questions

1. Are there any additional areas relevant to the construction and offering of quality retirement income solutions that should be included in the principles?

We support the current framing of superannuation trustees' role in understanding member needs, building appropriate solutions, and communicating effectively with members. The acknowledgement of the interplay between products, settings and guidance to deliver better outcomes than the status quo is a strength of the Principles.

2. Are there any areas covered by the principles that are not relevant to the construction and offering of retirement income solutions?

Elements that are overly prescriptive and not clearly linked to improved member outcomes should not be considered best practice. For example, the requirement for a minimum of three cohorts and the principle of contacting members who have drawn down the minimum for three years may not reflect the diversity of member needs or behaviours.

3. Are there any changes to the principles that would better support trustees to deliver higher quality outcomes to members?

The Principles would benefit from greater recognition of the importance of flexible access to lump sums in meeting members income needs in retirement, and the role of the government age pension in meeting retirement income needs.

4. Are there any impediments to trustees implementing the principles?

As indicated in the consultation paper, the principles work alongside proposed reforms to financial advice that are not yet legislated. Elements of the Delivering Better Financial Outcomes (DBFO) package will be needed to support the Principles, including clear rules on what advice topics can be collectively charged via superannuation, and allowing trustees to provide targeted prompts to members.

Data limitations also hinder trustees' ability to effectively implement the Best Practice Principles. While existing member data can assist in developing cohorts, designing solutions and providing guidance, the ability to personalise engagement and tailor solutions is constrained by gaps in information such as retirement goals, household composition, spending behaviours and financial literacy. In addition, a considerable portion of members remain disengaged from their superannuation, which limits the volume and quality of behavioural data available.

5. Are trustees able to construct a minimum of three cohorts based on information held?

While cohorts can be constructed, their accuracy and relevance are constrained by the limited data available, especially for disengaged members.

6. What member information are trustees currently using to inform and construct their cohorts?

AustralianSuper uses a range of member data to inform the construction of cohorts. This includes demographic information such as age, account balance and the contribution history that the Fund has access to. We also conduct bespoke member surveys, while behavioural insights are drawn from member interactions with retirement tools, guidance services and communications (for example, open and click-through rates for digital content), contact centre interactions and external research.

7. How are trustees currently using cohort information to inform retirement income strategy design and determine their suite of products?

AustralianSuper applies cohort insights to shape its retirement income strategy and product offerings. By identifying groups of members with similar characteristics and needs, the fund is able to tailor product features, guidance pathways and engagement approaches that meet those needs. For example, members with lower balances may be offered simpler solutions and targeted communications about the role of the Age Pension, while those with higher balances may be supported with more complex products, including lifetime income options. Cohort information also informs the development of tools and services that assist members in making decisions, and helps evaluate the effectiveness of current offerings.

Cohort information, including assessments of retirement income adequacy, drawdown behaviours, Age Pension eligibility and trade-offs between flexibility, risk management and income stability, has directly informed product development at AustralianSuper. This includes the design of a lifetime income product targeted at members with higher balances and lower likelihood of Age Pension eligibility, and the refinement of account-based pension settings to better support members who require flexible access to their retirement savings. The Fund also uses cohort cameos to model retirement outcomes under different drawdown patterns, which helps to test and refine product design, guidance pathways and engagement strategies.

8. Are there other important factors to segmenting and cohorting members that should be considered best practice?

Reviewing cohort definitions periodically as new data becomes available should be considered best practice.

9. Do the principles adequately cover the relevant issues related to constructing products and product settings to manage each of the objectives under the Covenant?

Yes, we welcome the Principles providing flexibility for products and product settings to be combined in a number of ways to support members to receive better outcomes than those delivered under the status quo. We also welcome that the Principles recognise the role for both trustee-designed and individually tailored solutions (and the services that support this). As noted, however, the passage of DBFO reforms, and the ability for members to provide their fund with secure access to relevant government-held data, will also be critical to supporting the development and uptake of appropriate retirement income solutions.

10. Are trustees able to construct products and product settings in a way that supports both the offering of trustee-designed solutions and individually-tailored solutions?

Yes, though we expect that the development of both types of solutions will evolve as additional data, features, tools, and services become available.

11. Should the principles consider other risks in the design and delivery of retirement income solutions?

As noted elsewhere in this submission, the Principles should consider risks related to overly prescriptive requirements, limited access to data related to members' broader financial position and related information, and the current inability to provide targeted prompts or present actionable solutions to members.

12. What barriers, if any, exist in aligning current fund practices with the principles?

The ability to provide targeted prompts or 'nudges' to members is critical. Without DBFO advice reforms, trustees are limited in their ability to guide some members effectively to the most appropriate retirement solutions.

13. Do trustees have the capability in place to support members across different stages of life, including ahead of retirement? If yes, provide a brief overview of current practice. If not, why not?

AustralianSuper has long supported members across different stages of life, including ahead of retirement. Members benefit from a comprehensive range of education, advice and guidance services, such as digital tools and calculators, phone-based and intra-fund advice, and access to both internal and external advisers. The Fund also provides seminars, webinars and tailored digital experiences, ensuring support is available whether members are seeking straightforward information or more comprehensive advice.

Engagement, marketing and communications are designed around age-based needs and behavioural signals, helping members manage their super effectively. Engagement typically increases as members approach retirement, prompting more frequent and varied pre-retiree programs. To meet diverse member needs, AustralianSuper is investing in new initiatives and technology to further enhance personalisation and the overall member experience. All engagement and advice activities are delivered within the regulatory framework governing general and personal advice.

14. Are there other elements of communicating with members that should be considered?

AustralianSuper recognises that member communication must evolve to meet changing consumer expectations for relevance and personalisation, especially around retirement outcomes as our population ages. Members should be supported to take active ownership of their super, whether through high-touch, sophisticated engagement or low-touch, simple and accessible experiences.

However, the ability to contact members remains a significant challenge. Data limitations and member marketing preferences can restrict the Fund's ability to engage effectively, driving the need for more targeted and timely communications. In this context, the ability to deliver targeted superannuation prompts – and the passage of DBFO reform to support this – will be critical. These prompts should not only highlight potential issues but also present members with clear, actionable solutions to support informed decision-making and meaningful engagement.