

Australian Super Made Easy Series Two

Transcript Episode Three: consolidating super

Summary: CAAMA Radio host Kyle Dowling speaks with AustralianSuper representative Darryl Florence on the problems with having multiple super accounts. We talk about the benefits of combining super accounts to minimise fees. We discuss how to work out which super fund is best for you.

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Content:

KYLE

Welcome to episode three of Australian Super Made Easy series 2 a six-part radio programme on superannuation brought to you by Australia's largest super fund AustralianSuper. This episode, we welcome back Darryl from AustralianSuper in Darwin. And we also welcome Nathan Boyle from ASIC. Darryl and Nathan are here today to talk about what you could do if you have multiple super accounts. Darryl, how do we know if we have multiple super accounts?

DARRYL

Before I start, I have to quickly let you know that this discussion is general in nature and doesn't take into account your individual needs and circumstances. And before making any financial decisions. You consider if the information is right for you. Now, people can end up with multiple accounts for their super if they've changed jobs, and the boss doesn't get the details of the Superfund. An employer would then open up a new account for Super payments, which can end up with someone having more than one account, you can check by logging into the ATO website using your myGov login.

KYLE

What should we do if we have more than one account?

DARRYL

If you have more than one Superfund, you may want to consider putting all your Super accounts together into one fund if it's appropriate for you. This is called consolidating your super consolidating into one account might reduce the overall cost of your super accounts. By reducing the fees paid to multiple funds, and therefore helping to grow your super balance for your retirement.

KYLE

Why should we put our super accounts together?

DARRYL

Look, it's never been easier to get your multiple super funds under control. Honestly, this can take five minutes with an internet connection. And you could find thousands of dollars in funds that you'd forgotten about and save all of those extra account fees. Not to mention making your super easier for you to connect with and manage. You know, Kyle as at the 30th of June 2020. According to data from the Australian Taxation Office, there was roughly 2.2 million accounts with almost \$11 billion of lost and unclaimed super in Australia. Some of that could be yours.

KYLE

You're listening to Australian super Made Easy series two. We'll hear more from Darryl in a moment.

PAM

My name is Pam, my understanding of superannuation isn't very good. I do know that my employer contributes to my superannuation. Super really wasn't, wasn't really one of the things that I was really interested in. But as I'm getting older now, and retirement age, I am getting into my super and finding out more information.

KYLE

And welcome back to the show. In this episode of Australian super Made Easy series two, I'm joined by Darryl Florence from AustralianSuper in Darwin and Nathan Boyle from ASIC. Darryl, how do we make sure we cut down on fees by combining super funds.

DARRYL

You can consolidate your super quite easily through the ATO using your myGov log in. Or you could talk to your super fund about it. It's important before you consolidate to do your research. There's a super comparison tool online that will compare super funds for you. Use a comparison tool ask you super providers about any fees or charges that may apply and other information about the effect this transfer may have on your benefits such as insurance cover. Before you roll over your accounts. It's important to

ensure that you have adequate insurance in place in your preferred or active account, as you will most likely lose any insurance that was in place on the account that you close and rollover. We recommend you consider seeking personal financial advice before doing this.

KYLE

Thanks, Darryl. Nathan, can you explain what ASIC is and your role?

NATHAN

Yeah, sure, Kyle. Thanks very much for having me on the show today. ASIC or the Australian Securities and Investments Commission is Australia's corporate, markets, financial services and consumer credit regulator. Our role is to promote confident and informed participation in a fair, strong and efficient financial system. So, in other words, we make sure that financial services entities follow the laws that are designed to protect consumers. And we provide consumers with the information they need to confidently engage with the financial system. I work for ASIC's Indigenous Outreach Programme or IOP for short. The IOP is a national team of lawyers and analysts, the majority of whom are Indigenous. We work across ASIC to support better outcomes for Indigenous Australians. The Indigenous Outreach Programme develops relationships with Indigenous consumer organisations and Indigenous communities, raising awareness of ASIC's consumer protection role and assisting with ASIC's response to misconduct affecting Indigenous consumers, we also produce tailored information to help Indigenous consumers have a better understanding of financial products and services.

KYLE

Can you give us your recommendations for choosing a super fund? What should people think about?

NATHAN

Yeah, sure, that's a great question Kyle. Most people are able to choose which super fund they would like their contributions paid into. Choosing a super fund can seem tricky, but there's lots of good information out there to help people make the right choice. When people are choosing a super fund, they should look at how the fund has performed. So, what the investment returns for the fund have been. They should look at how high the fees are on the Super Fund. Generally, the lower the fees, the better. And they should also look at the insurance offered through the fund and consider whether the insurance is adequate for their needs. One important thing to note is that

when you're looking at the performance of a fund, don't just pick a fund because it did well last year, you should look over the longer term had the Funds performance. So at least the last five years. Other things people should think about when they're choosing a super fund are looking at what level of service the fund offers. Do they help members over the phone? Or do you need to be able to access the internet. Listeners should go to ASIC's Money Smart website, which is money.smart.gov.au. For more information, we have a page called choosing a superfund that provides some great tips.

KYLE

What can people do to work out which super fun is better for them?

DARRYL

Well, as I've said earlier, Kyle, a perfect place to start is ASIC's money, smart website, money.smart.gov.au And our page choosing a superfund. You can also find out about and compare super funds by using the ATO's Your Super Comparison tool, which is an online list, comparing my super products. Listeners could look at the product disclosure statements for each product offered by a fund to get more information about how they work. And they could also consider looking at Super comparison websites offered by private companies. There is a list of super comparison websites on ASIC's Money Smart website. And as I said earlier, when people are working out which super fund is better for them, they should consider the Funds performance over the last five years, they should consider what fees are being charged by the fund. Generally, the lower the fees, the better. They should look at the insurance available through the fund, both how much it costs and whether it is suitable for their needs. And they should look at the services offered by the trustee to see whether that fund is going to be able to provide the assistance that the person needs.

KYLE

It's time for a quick break. I'll be back with Nathan soon.

PAM

If you have worked in a few jobs, your superannuation might be in a few different super funds. You'll be charged fees for each fund, so it may be cheaper and easier to keep track of everything if you only have one super fund. There are a few things to consider when deciding to put all your super into one fund. Before you move your money out of a super fund. Check to see if you have any insurance through the fund. Make sure you don't lose your insurance benefits or any other benefits you may need. When deciding on which fund you want to use. Consider a fund that has low fees and good features

that will suit your own circumstance. You should then phone each of your other funds and tell them you want to move your super into your chosen fund. Each fund will send you a form and ask for some identification. When you fill out all those forms and send them back to each fund your superannuation will then be all combined into one fund not too long after that. If you need any further info call ASIC's indigenous helpline on 1300 365 957.

KYLE

Welcome back to the show. I'm Kyle Dowling. And I've been speaking with Nathan Boyle from ASIC. Nathan, what does your boss / your employer have to do with choosing a super fund?

NATHAN

Employers choose your Superfund when you start a job if you don't choose one for yourself. If you don't choose a super fund, the type of Superfund the employer has to choose for you is a My Super product. My Super accounts generally have lower fees and costs. And some only charge certain types of fees. Once you've chosen a super fund, or your employer has chosen a My Super product for you, your employer will have to pay money into your super fund. If you have a job and you're earning money at the moment that is 10.5% but it will go up incrementally to 12% for one July 2025.

KYLE

What a stapling and how does it help people changing jobs?

NATHAN

Stapling means keeping the same super account as you change jobs. This is a recent change made by the government. What used to happen if you change jobs and didn't tell your new employer, which Superfund you were in, was that they would choose a superannuation fund on your behalf. That meant that people often ended up with more than one super fund, which meant they were paying fees for each of the super funds they held. The stapling change simply means that unless you actively choose to open a new super account with your new employer, the default is that you'll stay with the one fund your current fund if you don't take any action. Before stapling. If you started a new job, your boss would choose a super fund for you if you didn't make a choice. Now your super fund is stapled to you when you move jobs and don't choose a super fund. This change will mean fewer Australians pay fees and insurance premiums on multiple super accounts. And that means they'll have more money when they stopped working.

KYLE

What should people do once they have chosen a super fund?

NATHAN

The first thing people should do is to make sure that they have advised their employer or their superannuation account details, they should have a look at the investment option chosen under the fund and make sure that the investment option is suitable to their risk appetite. They should have a look at the fees charged under the Superfund and make sure that the fees aren't too high. They should have a look at the insurance and make sure the insurance is suitable to their needs. They can then nominate beneficiaries. Those are the people that will receive your superannuation money if you pass away before you've accessed your money. If people have more than one super fund, they should think about combining the funds into one account to help save on fees and insurance premiums. Other things people can think about once they've chosen the super fund is to think about whether they want to put more money into super in addition to the amount the employer is paying that will help people have a higher superannuation balance at retirement. Other things to think about are the possibility of accessing your superannuation early in certain circumstances. Like in the case of hardship, or if you are sick or injured and need to claim on your insurance. You can get in touch with your super fund for more information on these things.

KYLE

Where can people go for more information on this?

NATHAN

Well, as I said Kyle, people can go to their super fund directly by calling them or visit their Superfund website. They can also look at My Gov, which provides information about consolidating superannuation accounts, or they can visit the Money Smart website at money.smart.gov.au And look at our pages on superannuation.

KYLE

That brings us to the end of today's episode. If you'd like more information on anything we discussed today, call 1300 300 273 Next episode, we'll be looking at insurance in super and I'll be joined by Darryl from AustralianSuper in Darwin as well as Katie Le Cras, head of operations at AustralianSuper.