



Helen Rowell

QUOTE OF THE DAY

Isn't there an inconsistency in keeping the product dashboard information as simple as possible for members and in offering the full complexity of portfolio disclosure?

Question asked of ASIC by CMSF delegate

FUNDS GET GREATER SAY ON REGULATION

Both APRA and ASIC are seeking feedback on how to reduce the compliance burden upon funds, after pressure from government and complaints from funds.

Helen Rowell, member for APRA, promised delegates at CMSF a review of what was practically possible for trustee boards to achieve. This follows concern that enhanced responsibilities are forcing trustees to become full time to comply.

"We are looking at the balance on what is the onus on boards and what should fall on senior management," she said. "This review will look at all board requirements and in particular on what review and sign off processes can be done

by executives instead."

The review will cover all APRA regulated bodies and she called for feedback to help on what might change.

Elsewhere in her speech she promised to identify where fund compliance costs could be reduced without compromising "sound prudential outcomes". This partly referred to portfolio disclosure and follows the stated aims of the coalition government to reduce red tape for businesses.

"Our challenge when we consult further on revising data collection is that we strike the appropriate balance between the data provided and the cost of the industry in reporting on it," she said.

Alex Purvis, senior manager at ASIC, promised concessions on portfolio disclosure. She suggested some funds

might comply by linking to managed funds websites, where holdings could be viewed. However, she said ASIC was not a fan of a materiality threshold, where the smallest holdings in a portfolio were excluded.

There were still unanswered questions for delegates. Peter Bugden, chair of Catholic Super said the differing requirements of the product dashboard and product disclosure statements had led to his fund offering mixed and confusing messages on return targets.

Gerard Noonan, chair of Media Super, said there was a discrepancy between the stated aim of MySuper being a low cost product for members taking a default option and the extra cost incurred by the new prudential standards, in particular portfolio holdings. ■

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WAKE UP TO SUPER AT AGE 24

Gen Y first consider superannuation around the age of 24, according to research commissioned by AIST.

Comments in the qualitative study from Gen Y participants suggested that watching parents go through retirement without enough funds could be a big factor in this evolution of superannuation.

Tom Garcia, chief executive of AIST, found the results encouraging.

Current research has found that 63 per cent of Gen Y participants plan to use their super as a retirement income stream

“Funds need to be mindful of their demographics, and present material that is in the language of that demographic, keeping in mind the best avenue to use and how deeply they need to engage,” he said.

The research found that 63 per cent of Gen Y participants plan to use their super as a retirement income stream.

“It’s good to see that Gen Y understands the importance of using their super to provide income in retirement and shows that as an industry we must reframe the language from account balance to income stream,” added Garcia.

The research also shows some surprising similarities in attitudes between over 55’s and Gen Y when it comes to superannuation.

Growing the personal nest egg was the most important priority for both groups surveyed. Education also ranked as very important, with both groups wanting to be educated on the best options and choices of investments.

Gen Y believes they will need between \$30,000 and \$60,000 a year for retirement, while the 55+ group believes they need between \$18,000 and \$40,000 a year in retirement.

The full research was examined at AIST’s flagship conference on the Gold Coast today, which attracts more than 1,100 representatives of the not-for-profit super sector. 

Greg Falk, principal, Gregory Falk and Associates



UNPAID SGC A TRUSTEE RESPONSIBILITY NOT ATO

Relying on the ATO to collect unpaid superannuation from employers is a breach of trustee duty, a lawyer told delegates.

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Greg Falk, principal, Gregory Falk and Associates said legislative changes over the last few years had enhanced the duties on trustees to ensure contributions were paid and that APRA now considered it a material business activity.

Currently the ATO is chasing company directors for \$28 million of unpaid superannuation

Furthermore he said trustees were better equipped to collect unpaid superannuation.

“The ATO does time consuming audits,” he said. “By the time they are completed the employer may have gone out of business. They cannot proactively check in real time.”

He impressed on the audience the importance for early action on debts in

getting results and said the whole area was often overlooked by trustees and deserved a lot more of their attention.

Stuart Forsyth, assistant deputy commissioner, superannuation, ATO, spoke to delegates about its actions on unpaid contributions.

He confirmed that by the point an employer had been referred to the ATO and an investigation had begun, the employer had often gone out of business and that consequently more debts were raised with them than they would ever collect.

Over the last year 67 employers have been referred to the ATO and been investigated. Currently it is chasing company directors for \$28 million of unpaid superannuation.

Dave Gibson, operations manager for Industry Funds Credit Control, a specialist in superannuation arrears collection, told delegates of how his firm could initiate legal action from employers who had not paid superannuation within a month. He said by the time the ATO gets onto a case, the employer could be six months in arrears. 

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Channelling Mick Jagger

CAPTURED



Fiona Reynolds with Sean Scallan



Delegates hypnotised

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ELANA AWARDED LIFETIME AWARD

Elana Rubin has been awarded the 2014 AIST Lifetime Trustee Achievement Award.

A prominent superannuation figure, she served as chair of AustralianSuper from July 2007 to April 2013.

She was also previously chair of the Victorian WorkCover Authority from 2001 to 2012.

Rubin is now a member of Infrastructure Australia and a director of NAB Wealth.



Super fund chief executives need to be vocal, communication needs to be simple and accessible, and members need to be made to feel there is a champion on the inside acting in their best interests, a panel of brand experts told delegates at CMSF.

“You need your entire organisation reframed around your sense of purpose,” says Mark Sareff, national head of strategy at Ogilvy Australia.

That sense of purpose is different from what you do, which is the traditional product-focused way of organising super funds.

“Just because a category, you and your competitors, behave in a certain way, doesn’t mean it is right,” he says. “There is an opportunity to engage with people at an emotional level not just a rational level.”

If you think that brand is the responsibility of marketing, then you’re deluded

He says the superannuation industry is one of the only industries that hasn’t had to build a brand, and has been fortunate because it has been government mandated. The time has now come to build brands.

Sareff says super funds need to view themselves in the eyes of their members.

“You are not selling superannuation. If you put yourself in the eyes of your members you’ll be in a better position to view what they want, and see what they’re buying is an enriched life.”

Super funds have a huge opportunity to “open the black box” and say what they stand for, says Carrie Cousins, head of technology, corporate and public affairs at Burston-Marsteller Australia.

Cousins says the superannuation industry suffers from phone book communication which is presenting members with all of their information and letting them wade through it.

“There is a difference between regulatory obligations and what members want to know and how they want to be communicated with,”

she says. “Be authentic about what you stand for.”

Hannah McHard, senior account director at Millward Brown, says it is easy to get locked into the functional things that your organisation does but not connect it to what consumers actually want to know.

“Branding is about what it means to them,” she says.

Chief executives of super funds are not visual enough, especially compared with the banking sector, the panellists said.

“There are not enough super fund CEOs coming forward with their views. They need to step forward, get out of their office and give their views. There is a huge chasm to be filled,” Cousins says.

How a super fund behaves, thinks, acts and talks has to be consistent.

“If you think that brand is the responsibility of marketing then you’re deluded,” Sareff says. “Brand is owned by the consumers, and the chief executive and board need to take responsibility for it and reorganise the organisation around what the purpose is, then all behaviours will correspond with what the brand stands for.”

Cousins says focus the message on why super is important, not on what you invest in or how you do it.

She says brand needs the commitment from the executive team.

“It is not that difficult to find the essence of your brand, but you need commitment to action it,” she says. Sareff dismisses the idea that brand needs a big marketing budget.

“What we are after is the power of ideas to separate us from others. It’s the strength of the idea, not the budget,” he says pointing to the Coke campaign that used the simple but powerful idea of putting people’s names on their cans and bottles. ☐

PEOPLE'S CHOICE AWARD



The year's CMSF People's Choice Award for exhibition stand of the year goes to the super professional gang at the JP Morgan stand. The main drawcard was of course the supply of the very handy Twist & Go Berocca, which was in heavy demand this morning.

BY THE NUMBERS

\$28m

Total amount of unpaid superannuation the ATO is currently chasing from company directors

63%

Percentage of Gen Y participants who plan to use their super as a retirement income stream



Gavin Blake of Feverpicture turns brainstorming ideas into sketches in the blink of an eye



PICK
OF THE
TWEETS

Sir BigotDame @jaclapham 26 Mar

Can we talk about non-investment expenditure and the sole purpose test? That's the big debate. #CMSF2014

Louise Davidson @Louisedavidson 4h

And happy to note that my #cmsf2014 panel session has 3 women and 1 bloke - nice to see some gender balance ;)

Graham Sammells @IQGROUP_CEO

@IQGroup_Liz at #cmsf2014
#superannuation conference.
See <http://bit.ly/1p2pYys>



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