

# Retirement Magazine



Neurologist Matthew Kiernan on dementia, brain science and the medical moment for super funds

- PAGE 16

## ‘The Brain Never Retires’

**Changing the focus**  
*From ‘nest egg’ to ‘income for retirement’*

DR DANIEL MULINO - PAGE 7

**Decision support services**  
*Why more needs to be done to assist all members*

DR DAVID BELL AND  
DR GEOFF WARREN - PAGE 23

**From communication to confidence**  
*Shifting strategies to engage members better*

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# 2026 event calendar

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## Retirement Magazine Events



### Fiduciary Investors Symposium

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### Retirement Leaders Summit

19 August 2026 | Old Parliament House, Canberra

An invitation-only conference bringing together senior representatives of the 15 largest super funds, with a focus on heads of retirement and their teams, alongside policymakers, regulators and academics. This is the nation's leading forum dedicated to the decumulation phase of super.



### Fiduciary Investors Symposium

13–15 October 2026 | RACV Healesville

Our flagship domestic event for institutional asset owners, convening CIOs, heads of asset classes, and leading asset consultants to explore macroeconomic shifts, asset allocation and emerging investment and organisational management strategies.

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## From the Editor

SIMON HOYLE

**The modern superannuation industry is more than three decades old, but as a retirement system it remains in its infancy. As it matures, we must never forget that the most important people in the picture are, always, members.**

**T**HE OBJECTIVE OF superannuation, as legislated, is to provide for a dignified retirement. That word, dignified, matters. It hints at a picture that goes beyond the merely financial, to encompass how people live, how they feel, and how well their minds and bodies hold up over what might be 25 or 30 years of retirement.

Money is necessary for a dignified retirement but it is not sufficient, which is easy to lose sight of in an industry that is, by design and by necessity, focused on the financial.

When members move into retirement, they need support, guidance, and in some cases a fund willing to think about dimensions of their wellbeing beyond the reach of any financial product.

Declining brain health is now the leading cause of death in Australia. Dementia shortens lives and robs people of the dignity central to the objective of super. Yet for most funds, brain health and cognitive decline sit outside the conversation entirely because they are not financial problems. That may need to change.

As Neuroscience Research Australia's Professor Matthew Kiernan AM explains in our cover story starting on page 16, the best possible retirement is not a problem that can be achieved with money alone. It is also a brain health problem, a social problem, a psychological problem.

The decumulation phase of super is already complex, and is far less mature than the accumulation phase, but it is not unreasonable for members to

expect the system will serve them as well in retirement as it has during their working lives.

Assistant Treasurer and Minister for Financial Services, Dr Daniel Mulino will drive the reforms that are needed to ensure the sector meets the needs of members as they retire. He sets out his vision for the retirement system starting on page 7, including why the system focus must shift from providing lump sums to providing income for retirement.

In too many cases, members' expectations still have not been met. The Retirement Income Covenant has been in force for almost four years, and regulators have found its implementation patchy at best. Some funds are innovating seriously; others remain narrowly focused on compliance. The gap between the best and the rest is widening, and it is members who bear the cost. Closing it requires products that give members confidence, not just options. It requires accessible advice, robust measurement frameworks, and decision support for the full range of member types, including those who will never call, never engage and never seek help, but who are as deserving of a good retirement as any other member.

Making the system as good as it can be also demands honesty about whom the system exists to serve. The majority of Australians approach retirement with modest balances, incomplete housing security and a deep reliance on the Age Pension. A "good" retirement system must work for them as well as it does for high-balance members who can afford to access financial advice.

The most important people in this picture are, always, members, who have contributed a portion of every pay cheque for decades in the expectation that the system would take care of them.

With my thanks for the efforts and the insights of everyone who has contributed, this edition of *Retirement Magazine* is about what it will take to fully honour that obligation.

Kind regards,

*Simon Hoyle*

SIMON HOYLE

**Editor,**  
*Retirement Magazine*

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## BRIEFING

# Changing the Focus, from ‘Nest Egg’ to ‘Income for Retirement’

DR DANIEL MULINO

**Superannuation fund members deserve nothing less than a dignified retirement, consistent with the objective of superannuation, and it is well past time to move the public conversation from superannuation as providing a lump-sum or “nest egg” to it being the source of ongoing and reliable income.**



**S**UPERANNUATION IN AUSTRALIA has been a remarkable success story. Around 18 million Australians have a super account, and super assets total \$4.5 trillion.

We are at the stage now where people who are looking to retire in the next ten years have had some form of compulsory superannuation for most of their working lives.

In the inaugural edition of *Retirement Magazine*, Treasurer Jim Chalmers stressed that our ageing population makes retirement incomes more important than ever.

He outlined the genesis of our reform agenda and wrote that 2.5 million Australians are estimated to move from the accumulation to the retirement phase of superannuation in the next 10 years.

It's well past time to move the public conversation from superannuation as a “nest egg” to superannuation as “income for your retirement”. This has to be coupled with products that make people confident to make that change in their thinking.

Central to getting the shift from accumulation to retirement incomes right will be confidence of members, and central to that is how they are treated by the funds they are members of.

Their super is often the largest investment they are making, apart from housing.

Funds generally meet or exceed what the community expects of them. But we've seen too many cases where they don't. Complaints are growing about poor service and communication, or the lack of compassion and timeliness in handling of death benefits and insurance claims.



L-R: The Conexus Institute's Dr David Bell, Dr Daniel Mulino and Conexus Financial founder and managing director Colin Tate AM at the 2025 Retirement Leaders Summit. Image: Jack Smith

New mandatory and enforceable standards will require superannuation funds to focus on better handling of death benefits. Insurance claim processing should be fair and efficient. And funds will need to provide clear, respectful and accessible member communication.

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*Regulators are also keeping a close eye on how trustees are performing against their obligations under the RIC.*

These standards build on existing requirements and reflect similar obligations in banking and insurance. Treasury has consulted with industry, consumer groups and regulators. At the time of writing, we're preparing the draft legislation for feedback.

Regulators are also keeping a close eye on how trustees are performing against their obligations under the RIC. ASIC and the Australian Prudential Regulation Authority (APRA) released their latest implementation pulse check in November 2025. They found a growing divide between trustees since the RIC took effect about three years ago.

Some are innovating to improve retirement outcomes, while others remain more narrowly focused on compliance. The pace of innovation needs to be quickened because it is likely many people have not heard of the options which will be available, let alone have time to learn about what they offer.

#### GOVERNMENT ROLE

Government has a role to play in this. We have recently released the Retirement Reporting Framework and the Best Practice Principles for superannuation retirement income solutions.

Together, these measures strengthen the foundations of our retirement income system and support funds to deliver better outcomes for every Australian entering retirement.

These reforms aim to create an environment that enables trustees to innovate and deliver better retirement solutions for their members, building on the obligations introduced by the Covenant.

The Best Practice Principles give trustees voluntary guidance on the design and delivery of retirement income solutions.

The principles outline the steps funds can take to better understand members, design fit-for-purpose solutions, and engage their members on retirement income decisions.

The Retirement Reporting Framework will collect data on industry progress in the retirement phase of superannuation. It will enhance member outcomes by creating greater transparency across the industry.

These measures will be reviewed regularly to ensure they remain fit for purpose and reflect evolving industry practice.

To help people get the information they need, the Australian Securities and Investments Commission has updated its retirement content on the [moneysmart.gov.au](https://moneysmart.gov.au) website and it has launched a new retirement hub.

We also need to ensure that Australians have access to affordable and appropriate financial advice so they have trustworthy resources to help them navigate both the accumulation and retirement phases.

The Government is committed to delivering sensible, fit-for-purpose financial advice reforms that help the Australians who want advice to access it. Our reforms to adviser education standards are also geared towards helping more advisers enter the industry, without compromising on standards.

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*Our reforms to adviser education standards are also geared towards helping more advisers enter the industry, without compromising on standards.*

We have also seen the significant harms that can arise from financial adviser misconduct, and the pressure that this misconduct places on the Compensation Scheme of Last Resort (CSLR). We are ensuring that our advice reforms are properly calibrated with our reforms to improve consumer protection across the superannuation sector, because scale and access to advice do not need to come at the expense of consumer protection.

The risk of those harms has risen as the size of the superannuation pool has grown, with growth too in the desire of bad actors to get their hands on that money.

Recent collapses – most notably Shield and First Guardian – have shown the devastating impact financial misconduct and poor governance can have on consumers. The reality is people can lose substantial portions of their life savings.

#### NEED FOR REFORM

These collapses highlight the need for reform. Large-scale loss events erode confidence and make Australians understandably nervous about investing, and reduce participation in legitimate, well-regulated products.

The Albanese Government is considering targeted measures to deal with the issues across the ecosystem, including reform of the oversight and governance of managed investment schemes, and reforms to the system to tackle inappropriate lead generation, create a safer framework for superannuation switching, and strengthen trustee governance standards.

We are also working on ensuring the sustainability of the Compensation Scheme of Last Resort, so that it can continue providing a lifeline for Australians who have exhausted all other avenues for compensation. The CSLR must continue to provide an opportunity for consumers to recoup some of their funds, and it must continue to be sustainable for the industry that is funding it.

The Government is not yet done with improving the accumulation phase and we're proud to deliver significant reforms to the superannuation system.

Payday Super reforms start on 1 July this year. This is a once-in-a-generation change that will help close gaps in retirement savings and help protect workers against unpaid super entitlements.

We're boosting the Low Income Superannuation Tax Offset (LISTO) by \$310 to \$810 and will raise the eligibility threshold from \$37,000 to \$45,000 from 1 July 2027. This will make sure low-income workers receive a fairer tax concession on their super contributions and will help deliver a more secure retirement for 1.3 million Australians – the majority of them women.

We're also acting to better target superannuation concessions, with legislation introduced into the Parliament in February. These are important reforms that, alongside the boost to LISTO, will help ensure the system overall is fairer and more sustainable.

Our approach aims to balance things out and put the retirement phase on equal footing. We want to create an environment for funds to innovate and deliver better retirement solutions for their members. At the same time, we want to help members understand what they should be seeking from funds in their retirement.

Taken together, our retirement phase reforms aim to improve the quality of retirement outcomes delivered to members. After a lifetime of saving through superannuation, members deserve nothing less than a dignified retirement, consistent with the objective of superannuation. RM



Dr Daniel Mulino at the 2026 Professional Planner Advice Policy Summit. Image: Jack Smith

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*The Government is not yet done with improving the accumulation phase and we're proud to deliver significant reforms to the superannuation system.*

## OPINION

# Lack of Courage – Not Clarity – Hinders Retirement Regulation

ALEKS VICKOVICH

**The Retirement Income Covenant's radically principles-based approach has confounded the very leaders and lobbyists who warned against prescription. More than three years after its commencement, a demonstrable lack of progress is costing the first generation of Australians who should be enjoying the fruits of a world-class system. If poorly drafted prescriptive law follows, industry leaders will have only themselves to blame.**

**A**SK THE CHIEF executive of a financial institution, or a lobbyist acting on behalf of one, for their public policy preferences, and chances are they will request that the relevant regulation or legislation be “principles-based.”

The Financial Services Council last year praised the Albanese government for the way in which its so-called Best Practice Principles for retirement were drafted to be “less prescriptive and more principles-based.” The Association of Superannuation Funds of Australia – which is not always aligned with the FSC position – concurred, although warned that some elements of the framework may not “facilitate flexible application” and that some of the principles “present as considerably more prescriptive.” These are just two examples of the numerous requests from industry in policy debates over the past two decades for principles-based regulation, from the design of product disclosure obligations to the governance standards that followed the Hayne Royal Commission, to the ongoing debate about sustainable investment labelling, where peak bodies have consistently warned that an “overly prescriptive” approach would create unnecessary compliance costs and limit innovation.

The industry's penchant for principles is not without foundation. The track record of prescriptive regulation in Australian financial services is genuinely troubled, and there are legitimate grounds for scepticism about the bureaucracy's capacity to draft rules that achieve their stated purpose without producing collateral damage, or “unintended consequences” as they call it in the Canberra bubble.

For example, the responsible lending obligations introduced after the global financial crisis began as sound principles to ensure credit was not extended to consumers who could not repay it but were perverted by the corporate regulator into close to 100 pages of legalese. This prescriptive guidance became so convoluted that then-Reserve Bank of Australia Governor Philip Lowe told a parliamentary hearing that “the way we've translated those principles into reality needs looking at again.”

The Australian Law Reform Commission, in its landmark review of financial services legislation, identified a similar dynamic. It concluded that “attempts to facilitate compliance through prescription” are counter-productive



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*Without effective success metrics, how can trustees know that their strategies are working? Members deserve better.*

– MARGARET COLE

and often fail to result in meaningful consumer protection.

“This is because prescriptiveness can itself introduce risks of non-compliance by increasing the complexity and sheer scale of the legislation, thereby making it harder to understand and enforce,” the ALRC review found.

You would presume, therefore, that given the industry

finally was awarded a legislative approach that somewhat resembled its own requests, that regulatory compliance would be relatively simple.

But as the old adage goes: Careful what you wish for.

The Retirement Income Covenant, which came into force on 1 July 2022, is explicitly described by Treasury as “principles-based”, just as industry advocacy efforts – championed by then-Challenger retirement income chair and former regulator Jeremy Cooper<sup>1</sup> – called for.

It does not mandate a drawdown rate. It does not specify a communication schedule. It requires trustees to formulate and implement a strategy that addresses how they will help their members achieve an income once they cease or reduce work and reach preservation age. The judgment about what that looks like, and how the slew of risks will be managed, is left entirely to the trustee in the very design of the policy.

And yet, mounting evidence, including in the pages of this publication, suggests trustees have not been up to that task.

The joint APRA-ASIC thematic review, published in July 2023, found “a lack of progress and insufficient urgency from RSE licensees in embracing the retirement income covenant.” A year later, the 2024 Pulse Check found that while some incremental improvements had been made, the most concerning gap was trustees’ failure to measure whether their strategies were working at all. APRA deputy chair Margaret Cole was unambiguous: “Without effective success metrics, how can trustees know that their strategies are working? Members deserve better.”

By the time of the 2025 Pulse Check, the picture had sharpened into something more troubling than slow progress: a widening gap between the minority of funds genuinely investing in their retirement capability and those content to do the minimum. More than three years after the covenant’s commencement, only 13 per cent of RSE licensees were using cohort-specific communications to help members navigate their retirement income options. One in five provided no information about drawdown strategies beyond the legislated minimum. ASIC Commissioner Simone Constant noted that trustees had developed “significantly fewer communications targeted at retired members”, a striking finding given that the retirement wave the covenant was designed to address has already arrived.

This is not a regulatory failure. It is a cultural one. The superannuation sector was built around accumulation – a phase that rewards operational rigour, scale and the management of homogeneous, long-horizon mandates. Retirement is structurally different. It is heterogeneous, personalised and inherently strategic. It demands that institutions think about individual member circumstances rather than execute standardised processes. That kind of judgment-based work sits uneasily with a compliance culture conditioned to wait for a rulebook.

The industry’s most durable excuse – that uncertainty around the financial advice framework has prevented progress – has some merit. Given the widespread consensus among legal practitioners and academics that the provisions governing financial advice in the *Corporations Act* are complex and duplicative, it follows that the ability to execute a retirement strategy is inhibited by associated risks and complexities.



ASIC Commissioner Simone Constant

But while financial advice reform would almost without question aid the ability of funds to assist and communicate freely with members about the decisions open to them, it would be a stretch to suggest that the laws need to change in order for funds to develop meaningful cohorts based on data they already hold, or to decide what drawdown guidance to provide beyond the statutory minimum.

It is understandable that regulators are losing patience, as the cost of the delay is measurable. Retirement phase assets in APRA-regulated funds are approaching \$1 trillion and are projected to double by 2030. The first generation of Australians who should be experiencing the fruits of a world-class system are now attempting to draw on it, and they are doing so with substandard service from the fiduciaries handed oversight of this critical socio-economic function.

ASIC research finds that just one in three Australians on the cusp of retirement are confident they will be financially comfortable in retirement. That figure reflects, in part, the failure of funds to develop the retirement income strategies the covenant asked them to develop three years ago.

Andrew Bailey, a former chief of the UK’s Financial Conduct Authority, told a Bloomberg event in 2019 that regulators and industry alike have historically shown “a tendency to talk principles but write rules.”

In Australia’s superannuation system, there is still a narrow window of time for principles talk to be supplanted by principles walk. If it closes, industry leaders will have only themselves to blame for the poorly drafted prescription that inevitably follows. RM

**Disclosure: This article was assisted in research and composition by AI technology, but was devised, edited and approved by the author.**

<sup>1</sup> Jeremy Cooper chairs the Conexus Institute Advisory Board, on which the author also serves.

## FEATURE

# The Biggest Game in Town: Inside AustralianSuper's Retirement Income Strategy

SIMON HOYLE

**Since Jacki Ellis joined the nation's biggest profit-to-member super fund as head of retirement just over one year ago, she's been assessing and building the fund's capabilities with the aim of delivering a fully personalised experience to all members by 2035. But that's not to say there won't be benefits for members who retire before that.**

**I**F YOU'RE GOING to try to make a difference to how people experience retirement, it might as well be for as many of them as you can. To do that, Jacki Ellis quit the \$237 billion, 1.3 million-member Aware Super almost exactly a year ago to join the \$410 billion, 3.7 million-member AustralianSuper as the fund's head of retirement.

While it was clearly a step up in scale, it's fair to say the fund she arrived at was less advanced in its retirement thinking than the fund she left. The past year has been spent assessing the fund's capabilities and pulling together the teams and the resources it needs to tackle the delivery of retirement income strategies in a fully joined-up way across different areas within the fund.

"If you want to talk about having an impact, this is the place to do it," Ellis tells *Retirement Magazine*. While smaller funds can do an excellent job for their members, Ellis has "deliberately chosen to work for mega-funds because it's my belief that you need that scale to make the investments required to do these things".

"AustralianSuper is large, so there's a role for everything, and that creates this amazing depth of talent and expertise," she says. "I get the privilege of not doing this on my own. I have these really wonderful peers at my level and we get to get together and collaborate."

About one million of AustralianSuper's members are aged over 50, so if they're not already thinking about or engaged in planning for retirement, they soon will be. But across the industry, retirement is something funds have done less well than they've done accumulation.

"We have set ourselves up to be accumulation machines, not service providers. It hasn't been necessary, historically, to have really amazing integrated data platforms that allow you to personalise and deliver help and support and guidance to members along the way. And so we've been busy doing that," Ellis says.

"I think it's actually easier for a fund like AustralianSuper to do data well, because we have the scale that allows us to invest and do that data integration and CRM system well."

## EVOLUTION, IF NOT REVOLUTION

While funds continue to be criticised for making slow progress on meeting their Retirement Income Covenant obligations, it's clear that there's been an evolution, if not an actual revolution, in the way they think about retirement.

"When I first started thinking about retirement as this amazingly fascinating problem to solve, it was investment people talking about the objective [being] different for retirees, so maybe we should be investing differently," Ellis says.

"Then those same people realised the quantum of impact you can have on the member outcome is much larger at the product level than in the discrete building blocks of the investment strategy, so maybe we should be looking at whether products are fit for purpose.

"And then some products came to market, only to not be taken up by members. And everyone said, you need advice and guidance, because how else will you help members understand what they need? And now there's a lot of talk about service. Members become so much more engaged in the lead up to and in retirement, but we still haven't quite got to that point yet where we're talking about it as one big integrated problem to solve."

Ellis disputes the notion that funds have been slow or even reluctant to tackle the retirement issue, either because the problem is perceived as too big and too difficult, or because retirement simply isn't a big enough issue for large parts of their membership.

"It personally drives me a bit crazy, if I'm honest. For me, the real power and success of the Retirement Income Covenant is that it asked funds to research and understand their membership and understand the problem to solve first, before jumping into solutions," she says.

"And as an industry, we have this horrible habit of just jumping straight into solution mode. There's a whole litany of innovation failures that have happened in superannuation and financial services in Australia because of that tendency."



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*There are some amazing products out there that will absolutely make a huge difference to those members who are using them. But the reality is, very few members are actually using them.*

– JACKI ELLIS

#### NOT THE HARD PART

Ellis contends that the hard part of creating a longevity protection or a lifetime income product is not bringing it to market, it's actually getting members to take it up.

“There are some amazing products out there that will absolutely make a huge difference to those members who are using them. But the reality is, very few members are actually using them. So in terms of having impact at scale, or really materially moving the dial for your membership's retirement outcomes, they're not really doing that heavy lifting yet.”

For a membership emerging into an engaged state as they near retirement, a strong brand will be a critical part of the mix.

“It's... quite distinct from accumulation, where accumulation is underpinned by MySuper and huge levels of disengagement,” Ellis says. “All of a sudden you have really high levels of engagement and a demand-led marketplace.”

Principles-based regulation is the appropriate way to

frame funds' obligations, Ellis says, to allow them to co-create solutions with members and try things out to see what works best.

“No one across the industry – not even just in Australia, but in a defined contribution sense globally – has nailed retirement to my satisfaction,” she says.

“If the government, who's so many steps away from the member, were to come out and be really prescriptive about what that should look like today, then you're just not going to get to as good a place as we can get to over time, through a process of innovation and iteration.”

The complexities of retirement demand that funds deliver guidance and advice alongside products to make the transition as simple as possible to navigate.

“If the system continues to be just horrible to deal with, where you try and do something and you lose the will to live and don't actually finish it, then that's a real problem for meeting our ambition to help all Australians live well in retirement,” Ellis says.

“We really want to make sure that we are easy to deal with, that we are removing frictions wherever we can where that's delivering positive outcomes for members, and thoughtful about where we might want to put positive friction in the system – where we want to help safeguard against switching as much as possible during market volatility, as an example.”

#### NECESSARY DATA

Collecting the necessary data on members to underpin the development of individualised retirement solutions continues to be an issue across the industry, but it is only one issue. That data also has to be accessible and usable in systems that allow funds' frontline staff to get a full view of a member's circumstances.

“If you don't have the data joined up in the right way behind the scenes, it can be quite difficult to follow the bouncing ball between, say, an instance of advice and guidance or some communications, and then what a member has elected to do,” Ellis says. “That's probably the biggest challenge right across the industry.”

“I've become really convinced that we can't really unlock value to the member until we are able to deliver all of the widgets across the key elements of a proposition in a way that... delivers a really cohesive experience.”

Ellis says AustralianSuper's ambition is to “deliver personalised guidance to every member by 2035 – we're really, really committed to that, which I think is one of the more ambitious and exciting elements of our retirement proposition”.

That's still almost a decade away, but it does not mean that members who have already retired or who retire before then will not also enjoy an improved retirement experience before the deadline.

“We're certainly thinking about the sequence of what we drop to make sure that the things that we're focused on first are the ones that will have an immediate uplift for the member so we can drop value along the way,” Ellis says.

“It's not like when we deliver new innovation... those who retired previously can't also benefit from that. Ideally, those in retirement are also managing their retirement savings in an ongoing sense and will benefit from uplift to retirement and guidance and any sort of evolution in product, structures and service along the way.” RM

## ESSAY

# Super Was Built for a Very Different Australia. We Must Support Members Better Long Before Retirement

ADAM NETTHEIM

**Training for a marathon can't start the day before the race, and preparing for retirement can't start the day before someone stops working. The superannuation industry must find ways to play a more active role in Australians' lives to set them up better to reap the full benefits of the \$4.5 trillion system.**



A SUPERANNUATION FUND that does everything right in the final five years before a member retires but nothing beyond accumulation in the preceding 35 years is like a coach who only works with their client the week before a marathon.

The outcome is determined long before that final preparation begins.

Health, housing stability and social connection are just a few of the real determinants of wellbeing in retirement, and all of them are substantially shaped in the decades before the retirement date arrives.

When I wrote in *Retirement Magazine* late last year that the Government should relax the sole purpose test to allow super funds to play a more active role in members' lives for this reason, it raised a few eyebrows.<sup>1</sup> This doesn't mean the sole purpose test isn't important; it was critical at the time for a sector which was in its infancy of building wealth.

A system that has delivered extraordinary results for Australians over three decades – now managing more than \$4.5 trillion on behalf of nearly 18 million people – doesn't invite radical rethinking lightly.

The establishment of superannuation was pitched by Prime Minister Paul Keating in 1992 as a means to “materially improve the quality of life in retirement”.<sup>2</sup>

A lot has changed since then and super should too if we're going to ensure we continue to deliver on that objective.

## THE SHIFT NO ONE IS FULLY PREPARED FOR

At CSC, we run financial literacy sessions for graduate members – young public servants and defence personnel at the very beginning of their careers.

For years, these sessions were, frankly, a hard sell. Attendance was modest and engagement was worse. Super felt abstract and distant to younger workers whose financial priorities sat elsewhere.

In the past two or three years, something has shifted. These sessions have become some of our most heavily attended member engagement events.

<sup>1</sup> <https://www.investmentmagazine.com.au/2025/12/rethinking-supers-sole-purpose-in-an-era-of-mass-retirement/>

<sup>2</sup> <https://www.afr.com/politics/federal/keating-says-12pc-super-vision-is-25-years-late-but-worth-the-wait-20250630-p5mb95>

The questions from young members are sharper and the interest more urgent. We are seeing engagement from people in their mid-twenties that we would previously have expected only from members in their fifties.

What has changed? Many of these younger members have come to the realisation that superannuation will be their largest financial asset, sparking much earlier engagement.

When compulsory superannuation was introduced, most young Australians entering the workforce carried a reasonable expectation of eventually owning a home. That home would function, in parallel with super, as a retirement asset.

That expectation is now an exception rather than the rule.

Less than half (42 per cent) of young people surveyed last year thought it likely or very likely that they will be able to buy a home in the future. Meanwhile, 79 per cent of young Australians think they will be financially worse off than their parents.<sup>3</sup>

In just five years, the share of household earnings going to monthly mortgage repayments has doubled.<sup>4</sup>

For many people starting work today, home ownership may simply never happen. And these same people will live longer than any previous generation of retirees.

Since the inception of superannuation, the average life expectancy for a woman has increased by around five years; for men, it's about seven years.<sup>5</sup> We're seeing this longevity in our CSC members, with around 280 of them becoming centenarians in 2025.

With ongoing advances in healthcare and technology, those numbers will extend further still for the generation now in their twenties.

They will spend more time in retirement, be active for more of it and do so without the housing security that underpinned every retirement generation before them.

The superannuation system was not designed for this cohort. The question is whether it can evolve to serve them.

## THE PROBLEM WITH WAITING UNTIL RETIREMENT

Australia's regulatory frameworks and industry attention have been almost entirely oriented toward the finish line. The Retirement Income Covenant, introduced in 2022, mandated that funds develop strategies for the decumulation phase.

The super industry has responded by investing heavily in products and services designed for people who are on the cusp of retiring. All of this matters but it only addresses part of the problem.

There is also a spending problem waiting on the other side of that effort. The Retirement Income Review found that most Australians die with the bulk of their retirement wealth intact.<sup>6</sup> This is driven by many factors including the fear of running out.

Treasury projects that by 2060, one in every three dollars paid out of the superannuation system will be a bequest. It's currently one in every five dollars.<sup>7</sup>

A renting retiree will feel that fear more acutely. Their super will need to work harder, the margin for error will be smaller, and the psychological freedom to spend will be narrower.

Super becoming a tax-friendly vehicle for intergenerational wealth transfer runs counter to its

founding purpose. It doesn't improve the quality of life of retirees; rather it forces them to live more frugally than necessary, something that has wider societal impacts.

In contrast, a financially confident retiree is more likely to be out in the community spending money, resulting in increased employment opportunities for younger people. While the societal benefits of this are clear, it could also be seen as a different way of moderating the tax impacts of a declining birth rate.

## WHAT AN EXPANDED MANDATE COULD LOOK LIKE

No other institution in Australia has the reach, the continuity of relationship, or the long-term financial scale to play a meaningful role in members' lives across all of this.

What might genuine life-stage engagement look like in practice? Some starting points:

**Housing:** The major funds hold substantial commercial property assets while national vacancy rates are at record highs. There is a serious case for exploring how these assets could be repurposed to provide affordable, secure housing to address members' most pressing unmet financial need. A member living in secure, affordable accommodation facilitated by their own fund would be better placed to save, better placed to plan, and better placed to retire.

**Financial advice:** Comprehensive financial advice remains too expensive and too inaccessible for most Australians at the moments they most need it. Funds have the scale to fundamentally change the economics of advice delivery. A modest per-member monthly levy providing access to comprehensive advice on demand would be transformative. Members who understand their finances save more purposefully, retire more confidently, and spend their savings more effectively.

**Health:** Partnering with insurers and preventive health providers to support members' physical and mental wellbeing across the lifecycle – not just when claims arise – is entirely consistent with a genuine commitment to retirement outcomes. A healthier member at 65 can spend more confidently, claim less, and draw on their savings for the experiences that retirement should offer.

Superannuation's promise was never just a number. It was a better life in retirement.

Delivering that promise – for a generation that will be renting, living longer and arriving at retirement with more uncertainty than any generation before them – will require us to think more expansively about what that promise actually means.

That conversation will be uncomfortable in places and will take bravery from both Government and the sector. And I'm sure it'll invite some further eyebrow-raising.

But the alternative will produce a retirement crisis for a generation that deserves better. The system that built Australia's retirement future has both the scale and the responsibility to help shape the life that leads to it.

The graduates in our seminar room, asking sharper questions than their predecessors ever did, already know something has changed. It's time the industry caught up. RM

3 [https://bridges.monash.edu/articles/report/The\\_2025\\_Australian\\_Youth\\_Barometer/30184270?file=59645255](https://bridges.monash.edu/articles/report/The_2025_Australian_Youth_Barometer/30184270?file=59645255)

4 <https://www.theguardian.com/australia-news/2025/nov/24/australian-households-spend-twice-as-much-of-income-on-mortgages-than-five-years-ago-report-shows>

5 <https://www.aihw.gov.au/reports/life-expectancy-deaths/deaths-in-australia/contents/life-expectancy>

6 <https://treasury.gov.au/sites/default/files/2021-02/p2020-100554-udcomplete-report.pdf>

7 <https://grattan.edu.au/news/why-super-should-be-on-the-tax-reform-table/#:~:text=Few%20retirees%20draw%20down%20on,compound%20interest%2C%2but%20in%20reverse>

## COVER STORY

# ‘The Brain Never Retires’: Superannuation’s Medical Moment

SIMON HOYLE

Neurologist Professor Matthew Kiernan says a rewarding, fulfilling and dignified retirement has as much to do with what goes on inside a member’s head as it does with money. But with funds conditioned to focus on the financial aspects of retirement, issues such as brain health aren’t getting the recognition or support they need, and members are the potential losers.



L-R: Neuroscience Research Australia chief executive and institute director Professor Matthew Kiernan AM, and Retirement Magazine editor Simon Hoyle. Image: Jack Smith

**S**UPERANNUATION FUNDS SPEND an enormous amount of time and energy thinking about money: how to protect it, how to grow it and how to turn a lifetime of compulsory savings into a stream of income that lasts as long as the member does. That is what they do by design and by law, and by and large they do it reasonably well.

But Professor Matthew Kiernan, chief executive and institute director of Neuroscience Research Australia (NeuRA), says funds might be missing the bigger picture. The best possible retirement is not solely a problem that can be solved mathematically or with clever financial engineering; it is also a brain health problem.

Declining brain health and function is now the number one cause of death in Australia, Kiernan says. It cruelly robs individuals of quality of life and is a major contributor to shortened longevity.

“The problem is people are dying, or, worse than that, they’re living, but their quality of life is just shot,” Kiernan says.

“There’s no enjoyment, or you can’t even recognise your own children. The children are saying, ‘I go and see my parents and they don’t even know who I am’. It’s heartbreaking.

“So, we don’t necessarily think about turning things around to having huge life expectancy... but the fields that I’m working in, brain health and mental health, have typically been associated with shortened longevity.”

The most common form of dementia is vascular, closely linked to the same lifestyle factors that drive heart disease and stroke. The others – Alzheimer’s disease, Parkinson’s dementia, frontotemporal dementia, Lewy body dementia – are each driven by distinct protein abnormalities accumulating in the brain.

“Alzheimer’s disease is amyloid and tau protein build-up in the brain. Parkinson’s dementia is alpha-synuclein. Frontotemporal dementia is TDP-43. These are different proteins that build up in the brain,” Kiernan says.

What dementia actually does to the body is often misunderstood, and it's a lot more than someone just losing their memory, or no longer being able to recognise their kids, as might be widely believed. The brain is the "master controller" of every bodily function. As the disease progresses, it stops doing that job.

"It controls your heart rate, it controls your diaphragm, it controls your bowels," Kiernan says.

"What happens is you become progressively frail, and your organs don't work as well because the master controller has been turned off or is turning off. You're not sleeping properly, and the proteins that should be cleared from your brain every night are building up."

Death, in most cases, comes not from the cognitive decline itself but from aspiration pneumonia or infection – the brain no longer able to control the body's basic functions.

#### MATTER OVER MIND

Our understanding of heart disease and cardiac health led to a sharp decline in deaths attributable to those causes.

"We understand the importance of cholesterol. Statins have been invented. Lower your blood sugar level, look after your blood pressure. That's why people got on top of all of those conditions," Kiernan says.

As a result of this decline, dementia assumed top spot. But while the disease has not yet had its "quit smoking" moment, there's a growing understanding of the issues that support better brain health – and, as a corollary, the issues that cause it to decline – and the development of promising new therapies and treatments.

To understand the issues caused by poor brain health, and the treatments being developed, it helps to understand the difference between brain health and mental health.



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*At the moment, psychiatry only has symptom-based treatment. It doesn't have any disease-altering medication.*

– MATTHEW KIERNAN

"Brain health tends to be structural, and mental health tends to be more functional. It's a dualism, the brain and the mind," Kiernan says.

Neurology, the study of the brain as a physical organ – its blood supply, its proteins, its "wiring" – diverged from psychiatry, which is the study of mental function and mood, more than a century ago thanks to a single historical episode.

Neurologists and psychiatrists used to do the same training, Kiernan says, until a neurologist named Sigmund Freud went to work at La Salpêtrière hospital in Paris, with Jean-Martin Charcot. "Charcot was into what he called hysteria," Kiernan says, or what we now know as psychiatry. But when Freud went back to Vienna, his mother (who else?) told him he'd be unlikely to make money from neurology, and he'd be better off focusing on hysteria.

"That was the split between neurology and psychiatry," Kiernan says, and the consequences were significant. Psychiatry, focused on functional symptoms such as depression, anxiety, schizophrenia and bipolar disorder, has historically lacked the diagnostic and treatment tools that are available to neurologists.

"The psychiatrists [treating patients with] schizophrenia, what do you treat? They go, 'I don't know'. They've been left behind," Kiernan says.

But the two fields are now converging.

"There are probably shared mechanisms. Psychiatry and neurology probably have the same disease mechanisms."

The current "frontier" treatments in neurology, including monoclonal antibodies, biomarkers and MRI scanning, are beginning to be picked up in psychiatric research. The question being asked now is whether the same biological interventions that can halt the progression of a disease such as multiple sclerosis might also alter the trajectory of psychotic illness.

"At the moment, psychiatry only has symptom-based treatment. It doesn't have any disease-altering medication," Kiernan says.

#### SLOW, EXPENSIVE, INVASIVE

Diagnosing dementia is currently slow, expensive and invasive. To diagnose Alzheimer's disease requires a clinical history and examination, neuropsychological testing, a lumbar puncture to test the fluid around the spine for amyloid and a PET scan to look for amyloid in the brain.

"That's basically \$6,500 to \$8,000," Kiernan says. "But what we want is the family to bring, or the person themselves take themselves to the GP and maybe find there's some changes in the protein, and then ultimately this could, for instance, [show] you're maybe at risk of getting these conditions in 10 to 15 years' time. Can you start intervening in your 20s, 30s, 40s, 50s so it never happens?"

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*Kiernan sees a role for superannuation funds, not only as potential funders of medical research but as having a direct interest in the brain health of their members.*

In order for treatments to be developed and available through the Pharmaceutical Benefits Scheme, it's necessary to build an Australian research database. The pharmaceutical giant Roche has selected NeuRA as its partner to gather the necessary data.

"I'm going to fund all of the research here in the future from that platform, that's going to be the model," Kiernan says. And this is where super funds might come into the picture.

"We need more focus on medical research, and I must say, after a [*Retirement Magazine*] roundtable<sup>1</sup>, a number of the individuals contacted me, they've reached out, and there's interest.

"Part of it is getting the message across, that these conditions are avoidable, modifiable, preventable, and now we're starting to get [to], dare I say, treatable. You go to other fields of medicine, and they can treat everything. We have been limited in our therapeutics because we didn't understand the disease mechanism, how it progresses. Now we've got that, and we've got an understanding now we need to intervene with medications."



#### THE BISMARCK PENSION FOLLY

Kiernan's ambition is to help individuals keep their brains healthy and functioning normally for as long as possible, so that when death does eventually come it is from something unrelated to cognitive decline, such as a heart attack, kidney failure or a bizarre gardening accident.

"The best news would be instead of developing Alzheimer's disease and dying at the age of 67, you will have normal brain function, and you'll die of something totally unrelated to brain function at the age of 92," he says.

"That's what we're trying to do. We're trying to keep the brain in control for as long as possible."

The prospect of people living life with full cognitive function is exactly the scenario that superannuation funds need to prepare for. And while that's a separate issue from increased life expectancy, the two issues are linked: if Kiernan is successful in preserving brain health while people are living longer anyway, it will have profound implications for the structure of the retirement system.

Kiernan says life expectancy for a child born in Sydney today is already more than 100 years. With pension age originally set in the 1880s by German chancellor Otto von Bismarck – when few people lived long enough to qualify for a state pension anyway – something has to give.

The maths of working and saving for 40 years and then retiring and living off those savings for another 40-odd years simply doesn't work. Either contribution rates must increase massively, or people need to retire later.

Kiernan says people may need to work to age 75 to accumulate enough to retire on. If that's true, the case for maintaining brain health is only stronger.

#### 'THE BRAIN NEVER RETIRES'

Kiernan says the best possible retirement is not only about drawdown strategies or account balances. It is also about engagement, connection and maintaining cognitive vitality.

"The brain never retires. The brain looks at any new challenge like a renaissance." Retirement is an opportunity for that to happen. A fund manager Kiernan knows is stepping back from an executive role and relishing what comes next.

"He said he can't wait. He doesn't want to get back into the office anymore. The challenges of the new life are so compelling, he's so excited, and the brain loves all of this," Kiernan says.

The brain continues to adapt and develop well into old age, provided it is given the opportunity.

<sup>1</sup> "Super funds urged to lift member outcomes despite reform delays", *Retirement Magazine* 18 March 2026  
<https://www.investmentmagazine.com.au/2026/03/super-funds-urged-to-lift-member-outcomes-despite-reform-delays/>



“As you get older, you get more and more wisdom because you have experience. So the brain is actually getting better and better and better. It can still undergo plastic change. If you get a new challenge, it actually performs really, really well.

“Being in a network, having friends and family, being... not isolated. If we start getting a mood disturbance, if we start getting depressed, being treated very actively. All of these things are the way that you can keep your brain function optimum.”

#### THE TASK FOR SUPER FUNDS

Kiernan sees a role for superannuation funds, not only as potential funders of medical research but as having a direct interest in the brain health of their members.

The link between brain health and financial vulnerability is one funds are encountering more often, even if they don't couch it in those terms.

Elder abuse, the manipulation of ageing or cognitively impaired members into changing wills, signing away assets or accessing superannuation inappropriately, is a recognised problem.

“If someone changes their will it's relatively unusual, but if they change their will a number of times before they die, right at the end there, there's a problem.

“Let's say we are dementing. We'll tend to maintain certain knowledge, like, for instance, the value of our estate. But we can be manipulated.”

If an individual is dementing and is financially abused by a relative it's often not picked up until after the event.

“Then I've got a full history, they give me all the GP notes, and the person's turning up, they're falling over, and usually falls are an indication that they're cognitively not working properly,” Kiernan says.

“All I have to do is put some of the medical history together, and everyone realises the person's demented. But the solicitor says, ‘I said, do you want to change your will, and he said, yeah’ – no, that doesn't cut it anymore.

“That abuse is rampant, and it's a major problem, especially when people have significant estates and or superannuation. Again, it's a critical part of maintaining brain health.

Kiernan says individuals and the people who run their superannuation funds put so much effort into aiming for the best possible retirement that it makes no sense that a significant element of what makes a great retirement is overlooked.

“The person and the brain and their families want them to have a great retirement, so let's try and facilitate that together,” he says.

“Let's try and maximise the function of the brain, brain health, so that it's a happier retirement, and a longer retirement.”

Kiernan argues that funds should think about brain health as part of overall member wellbeing, with communication about modifiable risk factors such as physical activity, diet, social connection, cognitive challenge, as actively as they communicate about investment returns.

And they should consider whether the capital they deploy could support medical research that could transform the lives of their members. After all, the financial problem of funding retirement and the human problem of living well in retirement are two sides of the retirement coin. RM

**To learn more about Neuroscience Research Australia or to donate, visit [www.neura.edu.au](http://www.neura.edu.au). NeuRA is a charity partner of Conexus Financial, publisher of *Retirement Magazine*.**

## PARTNER CONTENT

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# Retiring With Confidence: Why Now for Guaranteed Retirement Income

SEAN MCCORMACK

**A lack of savings isn't the biggest issue facing Australians who retire; it's a lack of confidence that their money will last the distance of a retirement that could stretch for 25 or 30 years or even longer. A guaranteed income stream isn't the only answer, but it's a vital part of the solution.**



**I**F YOU SPEND time talking with Australians approaching retirement, a pattern emerges pretty quickly. A lot of people aren't short on savings. They're short on confidence.

Our latest research with CoreData<sup>1</sup> makes this point clearly. Close to two-thirds of Australians aged over 45 say income certainty is central to feeling secure in retirement, yet only one in ten say they feel financially comfortable all the time.

And while balances have grown, so have the expectations: pre-retirees now believe they need almost \$1 million to retire, an 18 per cent jump in just two years.

Meanwhile, 87 per cent don't think the Age Pension will get them to a comfortable lifestyle.

None of this is irrational. Modern retirements are longer

than ever, stretching 25 to 30 years, and many retirees worry their money won't last the distance. Market downturns can be damaging when you're drawing down, inflation eats away at purchasing power, and interest-based income swings are more frequent than expected. The risks are real, and people sense that.

Despite these realities, awareness of solutions such as annuities remains very low. In fact, our research shows that only around 10 per cent of Australians aged over 45 say they understand them well. So, while the desire for income certainty is high, the understanding of what delivers that certainty is surprisingly low.

The result is a retirement confidence gap. And that gap is exactly where guaranteed income can make a meaningful difference.

<sup>1</sup> Research commissioned by Resolution Life Australasia (part of the Acenda Group) and prepared by CoreData Research on retirement income, June 2025.



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## PREDICTABILITY FOR THE ESSENTIALS

At the heart of retirement planning is a simple need: knowing that the bills are covered.

Our research confirms this. Retirees aren't necessarily chasing extraordinary returns, they're chasing peace of mind. They want the essentials locked in: utilities, groceries, insurance, healthcare, rates. Once those are covered, they can relax and enjoy the retirement they've worked hard for.

A sensible retirement strategy isn't about choosing between flexibility and certainty. It's about bringing them together in a layered strategy. For example:

- A guaranteed income layer to cover the non-negotiables for life
- A market-linked layer (like an account-based pension) for lifestyle choices, and
- The Age Pension, if eligible.

As advisers in our industry know, the approach of layering income streams gives retirees both stability and choice. It's a structure designed to reduce anxiety about the future and to increase confidence. It works because it reflects how real households make, or would like to make, decisions.

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*APRA's work on capital settings for longevity products suggests clearer, more supportive frameworks are coming.*

## WHAT HAS CHANGED

What's changed recently is the flexibility of lifetime income solutions. Today's products allow for inflation protection, withdrawal options, and death benefit features that help with estate planning. These aren't the rigid offerings of the past. Modern solutions are blending protection with practicality.

There are moments when consumer need, policy momentum and industry capability all start lining up. Guaranteed retirement income is at that moment now.

Our research shows the needs of Australia's retirees and pre-retirees are clearer than ever:

- Sixty-three per cent of Australians aged over 45 say guaranteed income is key to feeling secure
- Four in five say a comfortable retirement is their top financial goal
- Yet fewer than half feel they know how to get there.

Policy is also shifting in the right direction. The Retirement Income Covenant, now in existence for more than three years, has reframed the conversation from account balances to improving retirement income.

Treasury's Best Practice Principles for retirement income solutions emphasise access to lifetime income products, albeit on a voluntary basis.

The Delivering Better Financial Outcomes (DBFO) reforms aim to expand access to quality advice, which is essential because products alone don't build confidence; advice does.

And APRA's work on capital settings for longevity products suggests clearer, more supportive frameworks are coming.

The capability of the industry is also leading the charge. The market is no longer experimenting with retirement income, it's building it in earnest and designing solutions, tools and processes to make guaranteed income simple and accessible. It's investing heavily in service and technology so advisers and super funds can model guaranteed income quickly, understand its impact, and integrate it seamlessly into client or member strategies.

All of this sets the stage for guaranteed income to be a mainstream part of retirement design.

## IMPLICATIONS FOR ADVISERS AND SUPER FUNDS

If confidence is the outcome that matters most, advice and fit-for-purpose products are the pathway that gets people there.

Research<sup>2</sup> shows Australians who work with a financial adviser are up to 70 per cent more likely to understand their retirement needs. And that makes sense: when you're trying to navigate longevity risk, guidance is foundational in navigating market fluctuations, inflation and changing lifestyle needs.

For super funds, retirement support is becoming a core expectation. Members don't just want a product; they are looking for help, guidance and advice to turn these products into a strategy for their retirement. Clear income pathways, guidance at the right moments, and communication that moves away from account balances and toward lifestyle outcomes round out the expectations.

For advisers, layering guaranteed income with account-based pensions creates a retirement plan that feels both safe and flexible. When clients see their essentials covered for life, they stop asking, "Will my money last?" and start asking, "What do I want to do with the years ahead?" This shift to possibility is the real value of guaranteed income.

## NOW IS THE MOMENT

Australia has built a world class super system. The next step is helping people use it with confidence. Longer lives should feel like a gift, not a gamble. And guaranteed income is one of the strongest tools we have to turn longevity into opportunity rather than uncertainty.

Acenda's purpose is simple: confidence at every stage, and this means helping Australians retire with confidence. Guaranteed income isn't the only answer, but it's a vital part of the solution. And with demand rising, policy shifting and capability growing, there's no better time to have confidence at the heart of retirement. **RM**

## ESSAY

# Fund Decision Support Services: Much More Needs to be Done to Assist All Members



DR DAVID BELL



DR GEOFF WARREN

**Australia's super funds are not yet equipped to assist all member types into suitable retirement solutions. From dormant members to those seeking trustee direction, the decision support services needed to cater for a diverse member base remain either only partially formed, or missing entirely.**

**T**HE LINCHPIN IN generating good retirement outcomes is selecting a suitable and high-quality retirement solution. Acknowledging this leads to the question of how retirees might find their way to suitable solutions given their specific circumstances, in particular how they may engage with retirement decisions.

The Conexus Institute has discussed this issue multiple times under the “pathways” moniker: see the institute’s Retirement Explainer #6 for an overview.<sup>1</sup> This research outlines the spectrum of pathways through which a retiree might find their way to a suitable retirement solution. We also argue a solution could be identified by one of three parties: the member themselves (“self-direction”), a financial planner (“adviser-direction”) or a superannuation (super) fund (“trustee-direction”).

In this article we focus on the role for super funds in assisting their members to access a suitable retirement solution. We outline five types of members based around differences in how they might engage with retirement decisions. We then discuss the range of decision support services that super funds need to have in place to support all these member types. We also highlight some missing foundations for an effective support service architecture.

The bottom line is that, while there has been some progress by industry, there are many gaps to fill in industry’s decision support architecture if all members are to be supported.

The figure below summarises the two dimensions considered in this article, highlighting the availability of the various services and their potential use by differing member types. Colours indicate the current state of the service being provided by industry.

<sup>1</sup> <https://theconexusinstitute.org.au/wp-content/uploads/2025/06/Retirement-explainer-6-Pathways-to-retirement-solutions-20250615.pdf>

**Table 1: Member types and decision support services**

KEY DECISION SUPPORT SERVICES	MEMBER TYPES				
	(a) Self-directed	(b) Seeking financial planning	(c) Willing to use trustee-provided advice services	(d) “Please do it for me”	(e) Dormant
1. Information, education and tools	✓	✓	✓	✓	
2. Standardised solutions for self-selection	✓				
3. Trustee-generated recommendations	✓		✓		
4. Capacity to suggest solutions to members			✓	✓	
5. Hard default mechanism					✓
6. Human assistance with choosing a solution	✓		✓	✓	
7. Access to paid financial advice		✓			
8. Triage service	✓	✓	✓	✓	

✓ Potential use of decision support service  
 Service broadly available  
 Service supplied to limited extent  
 Service unavailable

CATERING FOR A RANGE OF MEMBER TYPES

Super fund members can differ substantially in how they may approach identifying a suitable retirement solution. Member types that super funds should be aiming to cater for include:

- a. *Self-directed* – Members who want to construct or choose a solution for themselves.
- b. *Seeking financial planning* – Members who desire financial advice from a financial planner for which they are willing to pay, probably due to higher wealth or complex circumstances.
- c. *Willing to use trustee-provided advice services* – Members who are willing to engage with some form of advice made available by trustees at a low or zero cost, but are unlikely to use a financial planner due to either low wealth, simple needs or aversion to the cost.
- d. *“Please do it for me”* – Members who are overwhelmed and just want someone to “tell them what to do”, and thus would value being presented with a solution they can easily access.
- e. *Dormant* – Members with high propensity to take no action out of inertia, confusion or high disengagement.

The last three member types include members who are either uncomfortable with self-direction or not willing to seek paid financial advice and thus would be best-served through trustee direction. In absence of clear direction from their super fund, these three member types may either take no action or make sub-optimal choices, including going with a salient option like an account-based pension (ABP) with minimum drawdowns regardless of its suitability, or alternatively remaining in accumulation.

REQUIRED DECISION SUPPORT SERVICES

Catering for a member base that varies in how they engage with retirement decisions requires a super fund to have in place a range of services to assist members towards suitable retirement solutions. Below we list the key components of a comprehensive decision support offering that can assist all member types.

1. **Information, education and tools** – Most member types should benefit from having access to a combination of information on the fund’s offerings, educational services and tools such as calculators that project income and facilitate budgeting.

**State of play:** Most funds provide at least some of these elements, although scope and quality can vary. There seems room to improve on breadth, ease of use and understandability of these services.

2. **Standardised solutions for self-selection** – Some members may be assisted through their super fund making available a set of standardised (or “default-style”) solutions designed for particular member types with which a member may self-identify – the so-called “persona” approach. This service may assist self-directed members (type (a)) by making it easier for them to identify a suitable solution.

**State of play:** A couple of funds are currently using this approach. Whether it becomes more widespread may depend on whether other decision support services can be developed that adequately assist all members.

**3. Trustee-generated recommendations** – This involves providing scalable financial advice services at low or zero cost that generate recommendations of a suitably tailored solution coupled with a Statement of Advice. These services would specifically cater for member type (c) who are willing to use trustee-provided advice services made available at a low or zero cost, although may also be used by self-directed members (type (a)). It is likely that these services would be provided digitally, possibly coupled with limited in-person support.

**State of play:** A few super funds offer these services, but generally they are not yet broadly available. Many funds are developing their digital advice offerings, and we expect availability to expand and quality to improve over time. Importantly this type of service is currently accommodated under existing financial advice rules, provided it occurs under a financial advice relationship thus requiring either a related party licensee or a partnership with an external financial advice group. Progression of the “Advice through superannuation” component of the Delivering Better Financial Outcomes (DBFO) reforms should support further expansion of trustee recommendation services.

**4. Capacity to suggest solutions to members** – The ability to suggest solutions is fundamental to cater for the “please do it for me” member type (d) who are overwhelmed but may respond if presented with a ready-made solution. This member type includes those who are unwilling or unable to engage with financial advice in any other form, perhaps because they may view a digital advice process as too daunting or financial advice as too expensive. We suspect this is a meaningful cohort in numbers, albeit skewed to members with lower balances and financial literacy. The ability to suggest solutions could also benefit other member types by providing a nudge that acts as a “call-to-action” coupled with scope to implant beneficial anchor points into the decision process, e.g. including more efficient drawdowns or a lifetime income stream in the suggested solution.

**State of play:** The capacity to suggest retirement solutions outside of a financial advice process is currently unavailable, but would likely benefit many members as discussed in our *Default retirement solutions* report of November 2025. We understand that some funds are pushing for policy adjustments that would support the capability of super funds to make some form of solution suggestion or nudge.

**5. Hard default mechanism** – Hard defaults would cater for dormant members (type (e)) who have a high propensity towards inaction, but could be difficult to implement as discussed in our *Default retirement solutions* report.

**State of play:** Hard defaults are not currently supported, thus heightening the potential for worse outcomes for some members who take no action to transfer their assets into the retirement phase. We understand some parts of the industry are considering advocating for the introduction of hard defaults, particularly once a member reaches an older age (e.g. 75).

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*Catering for a member base that varies in how they engage with retirement decisions requires a super fund to have in place a range of services to assist members towards suitable retirement solutions.*

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**6. Human assistance with choosing a solution** – Access to a real person that can provide personal assistance in choosing a suitable solution could be valuable for most member types, even if just to help navigate other services such as directing members towards information sources or a digital advice tool. Human contact can help members to better understand their options and boost their confidence to make choices.

**State of play:** Some funds have staff, sometimes called “retirement concierges”, who can assist members with information and navigating calculators and tools, but cannot make a personal recommendation. Greater assistance in identifying a suitable retirement solution could be rendered if funds offered scoped advice services (service #3) or could suggest solutions (service #4). The proposal for a new class of adviser under DBFO reforms holds potential to expand the availability of in-person support, but faces significant uncertainty around whether it will proceed.

**7. Access to paid financial advice** – Super funds should provide access to paid personal financial advice for member type (b). This advice could be provided by either a fund’s internal advice division and/or a referral relationship with external financial advisers.

**State of play:** Access to paid financial advice varies greatly across funds. Platform supers and retail master trusts have strong connections with the advice industry such that many of their members are advised, although they tend not to have their own advisers and some may have a cohort of unadvised and previously-advised members. Across the profit-for-member sector, internal advice teams vary in size and breadth of service and there is variability in the state of external adviser reference programs.

**8. Triage service** – Funds should have a mechanism to identify a member’s need for assistance and direct them to the appropriate services. This should include the capacity to identify potential type (b) members who would benefit from financial planning and refer them accordingly.

**State of play:** Due to this being an internal fund process, it is difficult to identify the current state. We suspect that for many funds this is a developing area.

## TWO MISSING FOUNDATIONS

Two aspects are missing that are currently restricting the capacity of super funds to assist their members into a retirement solution. Both need to be addressed if the super industry is to achieve its full potential in supporting retirees.

### **1: Well-defined scope of what trustees may do**

The first missing foundation is clarity around the scope of assistance that trustees can provide. This is in a large part because of uncertainty over what constitutes financial advice and thus invokes the associated requirements. We are seeing varying responses to this uncertainty across funds due to differences in legal interpretations and regulatory risk tolerance as well as access to a financial advice license. Some funds are pushing ahead with a range of trustee-provided decision support services, albeit often via a related party licensee or an external licensee partnership. Others are moving cautiously for fear of contravening the advice rules and attracting the ire of the regulator. Overall, the situation is holding back progress.

The “Advice through superannuation” component of DBFO Tranche 2 would help address this situation by clearly defining the personal information that may be collected and scope of advice that can be provided by trustees on a collectively-charged basis. Progressing these reforms would afford the industry an element of safe harbour and confidence to move forward, as well as making it clear what is out-of-scope and requires an alternative advice offering. Meanwhile, the targeted prompts component of DBFO Tranche 2 would make requirements around nudges clearer, but as it stands does not allow nudges around product (the nudges are more activity prompts) and hence rules out suggesting retirement solutions.



### **2: Integration and implementation of solutions**

A further missing foundation is making it easy for members to access retirement solutions that are highlighted by decision support services. Two elements are required. The first is making available *integrated* retirement solutions comprising investments housed within an ABP, potentially a lifetime income stream and a drawdown strategy for the ABP to shape up total income while allowing for any Age Pension. Second, funds should then be able to *implement* those solutions on behalf of members rather than expecting them to cobble together the components. We are not aware of *any* fund that offers both elements, although some are working hard and are edging closer to this outcome. Without addressing both integration and implementation the provision of decision support services to assist members in identifying a suitable solution won't reach anywhere near full potential.

### MUCH WORK TO DO

Delivering good member outcomes requires super funds to provide a suite of decision support services to assist members towards suitable retirement solutions in the manner that suits them. Without catering for a range of member types who approach retirement decisions in differing ways, many members will end up in sub-optimal solutions while others may be left wallowing.

The main missing piece is the ability of trustees to present retirement solutions to members. This could be facilitated through some combination of the “Advice through superannuation” component of DBFO Tranche 2 and trustees being able to suggest a solution to the member as a type of nudge or first offer, perhaps supported by some capacity to default members who take no action.

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*Two aspects are missing that are currently restricting the capacity of super funds to assist their members into a retirement solution. Both need to be addressed if the super industry is to achieve its full potential in supporting retirees.*

The lack of these mechanisms would leave many members stranded without meaningful assistance, resulting in them either pursuing unsuitable solutions or remaining in accumulation.

There is more to be done in building out the decision support services architecture around the retirement phase. Each component required for a comprehensive decision support offering as listed in this article is either partially formed or missing entirely. All parts of the super system – including super funds, policymakers and regulators – have much work to do. RM

## ESSAY

# What We've Learned About Delivering Optimal Retirement Outcomes for Members

KEVIN O'SULLIVAN

**Not all superannuation funds are equally placed to serve members approaching and in retirement, and the gap between the best and the rest is widening. The funds delivering optimal retirement outcomes share common traits – and the barriers preventing others from following their lead are neither insurmountable nor poorly understood.**



**O**VER MANY YEARS, Australian superannuation funds have delivered excellent results for members while they've worked and accumulated their superannuation savings.

But can the same be said when it comes to how well funds have served members as they approached or lived during retirement? While lots of people have benefitted from their superannuation savings, funds have not done enough to provide strong service and appropriate guidance, advice and products to all members approaching or in retirement.

To ensure they achieve optimal retirement outcomes, in my opinion, superannuation fund members should be provided with

**Strong member service.** Superannuation is complex and most members need assistance to navigate this complexity. Providing strong service to members, where their needs are addressed in a timely, accurate and compassionate manner should be a key focus of funds. Such service can range across multiple channels (such as face to face, contact centres, and digital offerings).

**Appropriate investment options and strong investment performance.** These are required during both the accumulation and decumulation phases. To highlight the importance of investment earnings for retirees, Don Ezra, a prominent figure in retirement planning and investment, has estimated that, assuming an individual saved for a lifetime and gradually

drew down their super savings, about 60 per cent of the individual's retirement benefits will be derived from investment income post-retirement (with only about 10 per cent from contributions and 30 per cent from pre-retirement investment income).

**Guidance and advice.** Aligned with the provision of strong member service, members' outcomes will typically improve, as will their peace of mind, when they receive assistance from sources such as financial advisers or digital advice tools.

**Reasonable fees.** In my opinion, there is no "perfect" fee level or model. Nevertheless, funds should strive to provide appropriate products and services to members, not skimping on products or services that are of value to members, and doing so as cost-efficiently as possible.

**Appropriate range of products.** Super funds have differing cohorts of members and funds need to provide appropriate products for each of those cohorts. In deciding on what products to offer, trustees should consider those needs. As is now apparent, many superannuation funds need to better address the needs of cohorts approaching and in retirement, to better cater for their relevant investment objectives, risk profile, desire for flexibility, and so on.

#### A CASE STUDY OF A STRONG PERFORMER FOR RETIREES

I was asked to write an article with a focus on how and why a particular fund with which I am very familiar, UniSuper, has been successful in serving its members approaching and in retirement by capitalising on its advantages, some of which exist due to the circumstances or demographics of the fund, and some of which have arisen through actions taken over time by the fund's management teams and board.

I'll start with what I believe are some of the fund-specific advantages that UniSuper possessed, and possesses, to enable it to take some of the actions that it has taken over time.

#### **Large membership groups in relatively few locations.**

Unlike most large funds, whose members are spread across hundreds or thousands of worksites, until it opened to all Australians in 2021, UniSuper had the benefit of institutional concentration of its membership, with the majority of its members working at one of Australia's 37 public universities. This enabled it to introduce UniSuper's easy-to-access member centres to provide strong service to members.

**Large average account balance.** For many years, a significant portion of UniSuper members received employer contributions of 17 per cent of their salaries, often contributing a further 7 per cent or more themselves, thus generating much higher balances than would be provided by solely Superannuation Guarantee contributions.

**A long heritage of providing defined benefits to many members.** This heritage, along with DB expertise in management, on the product team and on the Board, has enabled UniSuper both to provide a flexible lifetime pension product and to have a strong focus on retirement income.

Although the fund has been open to all Australians to join since 2021, its strong focus on delivering only for individuals who work or worked in the higher education sector before then enabled it to know and understand its members well.

In addition to the above fund-specific advantages, I believe that, over time, UniSuper has taken specific actions to ensure it regularly lifted the services and products available to all members, with particular advantage to members approaching and in retirement.

UniSuper established its own advice offering more than 16 years ago, enabling members to access comprehensive and select advice from qualified, non-commissioned UniSuper advisers. This offering was introduced with the strong support of the Board, with the expectation that it would be successful and valuable in large part due to many of the above-noted fund-specific advantages.



Many actions have contributed to UniSuper's strength in member service. Reinforcement to all staff of the importance of doing what's best for members has been continuous for many years. Management and staff were instrumental in the adoption by the contact centre of a strong "genuine care" culture, aiming to resolve calls knowledgeably, efficiently and with compassion.

UniSuper members have significantly benefited from possibly the most important action taken by UniSuper's Board and Investment Committee – the gradual introduction and expansion of internal investment management. The internal investment team has consistently delivered strong investment returns for members while providing significant savings in fees, with much more than half of the fund's assets managed internally.

While it can be difficult and complex for a superannuation fund to self-administer (for example, record-keeping, contribution receipts, benefit payments, and administering insurance), in my opinion, UniSuper's decisions over time to self-administer have led to it having greater control over its own priorities, staff understanding of the fund and ultimately how members are serviced.

A more recent action taken by UniSuper was its introduction of the provision of digital advice for its members. Such action should enable members to efficiently access advice and guidance services.

While UniSuper and other funds have evolved over time to ensure they can provide well for members' retirements, more needs to be done.

#### WHY HAS PROGRESS BEEN TOO SLOW?

All superannuation funds, including UniSuper, have faced and continue to face many challenges and considerations that impact their appetites and abilities to take steps to better provide for members who have retired or are approaching retirement.

In my opinion, it is appropriate to acknowledge the validity of some of these in judging the progress (or lack thereof) of funds towards getting them in the best shape to produce optimal retirement outcomes for members.

Let's consider a few of those sticking points, some of which are interconnected.

Firstly, the duty of trustees to act in members' best financial interests imposes potentially conflicting challenges. Superannuation members can benefit financially when funds improve their services and/or product offerings. But what if, for some reason, the costs of introducing those services exceed the benefits for some or all members?

For some time, funds have appropriately chosen not to take action to introduce services or products that are not legislatively enabled. And in many cases where proactive changes might have been made, in anticipation of expected or hoped-for legislative change, most funds have chosen a wait-and-see approach. Why spend lots of time and money on something that can't be implemented?

The Government has yet to determine whether to enable superannuation funds to introduce a new class of adviser, as well as the introduction of "nudges", in Tranche 2 of the proposed Delivering Better Financial Outcomes (DBFO) package. While funds likely are taking actions in anticipation of these potential reforms, the uncertainty surrounding the changes is leading to delays in actions.

The membership profile of a fund can have a significant impact on the financial benefit to members of actions taken by the trustee. For example, should a smaller fund introduce the diverse service and product offerings provided by larger funds, just to keep up? How should the trustee of a fund with a proportionately very young membership base think about its retirement offerings, when the costs to introduce and implement those offerings will be borne by members who likely will never receive any benefit?

For some time, most people working in the superannuation industry have believed that more work needs to be done to improve how funds help and deliver for retirees and pre-retirees. But even if the will to do more was stronger, it must be acknowledged that the Government and regulators have not curtailed the changes imposed on funds in a multitude of areas, sapping funds' abilities to deliver on the retirement and service enhancements. In my experience, non-discretionary legislative change has consumed a significant share of funds' change capacities.

Decisions and actions to improve the retirement outcomes of members require the input of individuals with a diverse range of expertise, including member knowledge, product, advice, operations and finance. It helps significantly if such expertise also resides on the Board. In my opinion, the lack of such expertise within many funds has hampered progress in this area.

An apparent poor appetite of members for retirement income products must also be recognised as a sticking point for the introduction of retirement income products. This isn't a great excuse, if such products would, in fact, financially benefit members. But why introduce, when the take-up of such products has been less than stellar?

Funds differ in their arrangements and interactions with financial advisers. Those relationships may materially impact how a trustee has chosen to address the retirement offerings for its members.

While I could provide many more reasons for funds' not being where they could or should be, the above hurdles at least partially explain why.

#### TIME TO MOVE FASTER

While acknowledging these hurdles, funds should continue to progress actions to improve retirement outcomes for their members. Some of those actions could include:

- Elevating the importance of lifting the bar for retiring and retired members;
- Taking advantage of external and internal expertise as appropriate;
- Focusing on member service enhancement as well as product development; and
- Encouraging necessary policy change to enable them and the industry to better deliver optimal retirement outcomes.

I am optimistic that funds will continue to lift the bar in the retirement space. While Treasury's Best Practice Principles released in February this year are not mandatory, in my opinion, it will become more difficult for a fund to not take steps to satisfy most, if not all, of the principles. This, in itself, would lead enhancing change. I hope that conducive legislative reform will also assist. RM

## PARTNER CONTENT

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North

# Why Modern Retirement Demands Better Conversations, Smarter Scale and Connected Technology

**Retirement is not a not so much a moment-in-time event as it is an aspirational concept, and not an event forced by age as much as one entered into by choice. Kristine Goodwin and Ashley Tilston examine what that shift means for super funds and financial advisers as members navigate the psychology, scale and technology demands of modern retirement.**

**W**HEN KRISTINE GOODWIN, director of growth and distribution at North, sits down with Ashley Tilston, chief executive of Spectrum Wealth Partners, the conversation quickly moves beyond markets, products and performance. It lands on a far more complex question facing advisers today: *what does retirement actually mean now and how should advice businesses evolve to support it?*

Goodwin frames retirement not as a moment in time, but as an aspirational concept.

"It's no longer just an age-dependent, forced event," she says. "It's a deliberate choice about how people want to live."

Tilston agrees - it's a shift he sees play out daily in client conversations.

"Very rarely do we see clients who just want everything to stop," he says. "People want flexibility. They still want purpose. They want to choose their own adventure."

That single insight sets the tone for a wide-ranging discussion about the changing retirement landscape, the growing psychological burden placed on advisers, and the pressure on advice businesses to deliver deeply personalised outcomes at scale.

## A JOURNEY ADVISERS MUST HELP DESIGN

Historically, retirement advice was built around an end point: stop work at 65, fund a predictable lifestyle, preserve capital. According to Tilston, that framing no longer holds.

Clients today are living longer, staying healthier and approaching retirement with far more intention. They want to travel, work part-time, consult, or contribute in different ways, all while maintaining optionality. For advisers, that creates a new kind of complexity.

"You're taking something emotional, how someone wants their life to look and turning it into a quantifiable measure," Tilston says. "That's not easy, but it is essential."

Goodwin says this evolution has coincided with heightened anxiety. Clients are not just worried about their own longevity, but about their children's financial futures. Helping adult children into housing, supporting grandchildren through education or acting as guarantors has become a common feature of retirement planning.

As Tilston points out, this introduces a constant push-and-pull. Parents are often willing to compromise their own security to support family, and advisers are left navigating those trade-offs with care.

## THE ADVISER: FROM OPTIMISER TO INTERPRETER

Throughout the conversation, Goodwin returns to a central theme: confidence. Many Australians, she notes, don't feel confident about retirement, despite having accumulated significant assets.

Tilston believes the root cause often isn't financial at all.

"People compare themselves to the world now, not their immediate network," he says. "Social media, the news cycle, housing affordability, it all feeds anxiety."

In that environment, advice is less about chasing the best possible return and more about interpretation. Tilston argues that if clients are only focused on performance, they'll always be reacting. But if advisers can help them define why they need a particular return and what success actually looks like, decision-making becomes steadier.

This is where psychology becomes central to advice. Tilston spends significant time understanding clients' relationship

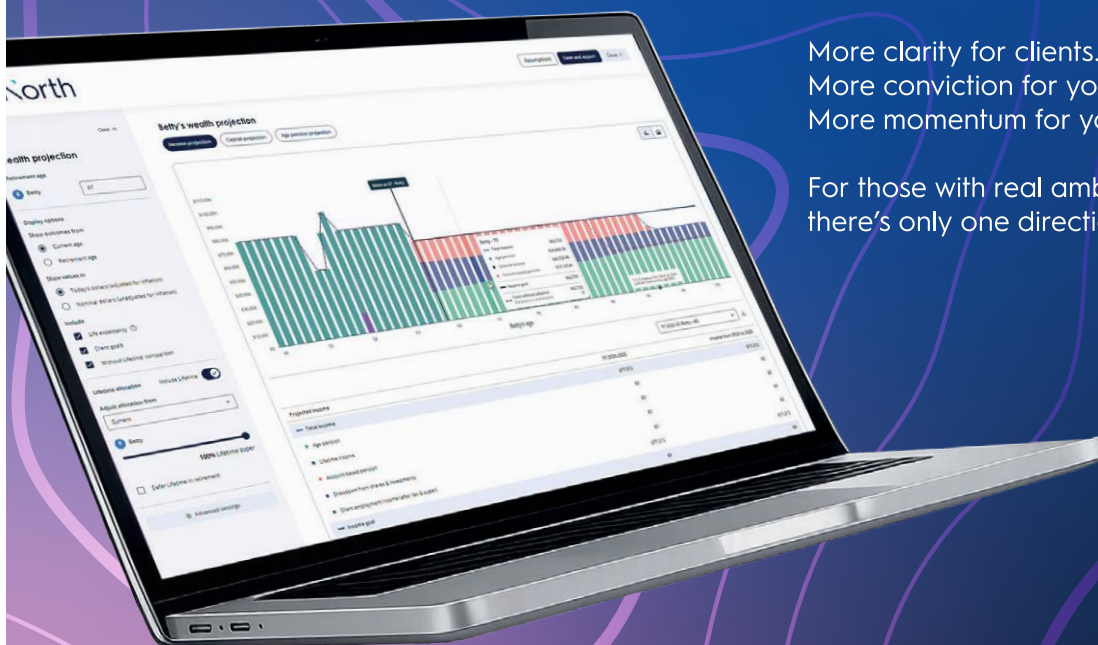
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with money, shaped by upbringing, life experience and past economic shocks. For some retirees, the hardest moment isn't market volatility, it's the final pay cheque.

"No matter how many times you show them the numbers, there's something psychological about not earning another dollar," he reflects.

PERSONALISATION VERSUS PROFITABILITY

Goodwin then steers the conversation toward a challenge many practice owners feel acutely: how do you deliver deeply personalised retirement advice while still running a profitable, scalable business?

Tilston is candid about the difficulty of wearing both hats, adviser and business owner. He describes a clear specialisation trend emerging across the industry. Practices can no longer be all things to all people.

"The cost and complexity of delivering advice means you have to be very clear on who you serve," he says. Accumulators, pre-retirees and retirees all have different needs and trying to service them all drives inefficiency.

To manage this, Tilston leans on a familiar 80-20 rule. Roughly 70 to 80 per cent of advice work, data collection, modelling, reporting and administration can and should be automated. The remaining 20 per cent is the human element: judgement, psychology and connection.

"That 20 per cent is where we add value," he says. "And that's what clients actually want time spent on."

WHERE PLATFORMS FIT AND WHERE THEY MUST EVOLVE

As the discussion turns to technology, Goodwin positions platforms as sitting "somewhere in the middle" of this challenge, between efficiency and experience.

Tilston is clear that investment management itself is now hygiene. It needs to be seamless and intuitive. Anything less creates friction. But he argues that managing portfolios alone isn't where platforms truly add value.

For retirement advice, the real differentiator is cashflow modelling and scenario planning.

Every year, Tilston's practice revisits retirement projections with clients, tracking how changes in markets, spending or family support affect longevity. These



Chief executive of Spectrum Wealth Partners, Ashley Tilston

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*No matter how many times you show them the numbers, there's something psychological about not earning another dollar.*

- ASHLEY TILSTON

conversations – can I gift this money; what happens if markets fall; how long does my money last – are where confidence is built.

The problem, as Tilston sees it, is fragmentation. Data often lives in multiple systems, forcing advisers to duplicate work just to produce insight. That duplication adds cost, consumes time and ultimately reduces capacity.

"We're not coders," he says. "Our skill set is EQ, not building tech stacks."

A SUBTLE SHIFT IN EXPECTATION

Goodwin says advisers don't need more technology, they need better integrated technology that shortens the gap between client questions and meaningful answers.

By bringing portfolio data, cashflow modelling and reporting into a more interactive, client-friendly environment, Goodwin suggests platforms can help advisers spend less time stitching systems together and more time doing the work that can't be automated.

For advisers navigating the next phase of retirement advice, the message from both sides of the conversation is clear: the future belongs to practices that combine clarity of purpose, thoughtful use of technology and a deep understanding of what money really means to the people they serve.

Retirement may no longer be a finish line, but with the right balance of psychology, scale and support, it remains one of the most impactful journeys advisers can help clients navigate. RM



Director of growth and distribution, Kristine Goodwin

## ANALYSIS

# Measuring What Matters: Redefining Retirement Success in a Maturing Super System



SHANG WU



NICOLAS AMADO

**As the retirement phase becomes the defining challenge of the superannuation system, the ability to measure what truly matters for members will increasingly shape how funds design, prioritise and deliver retirement outcomes. Funds must be able to measure, understand and improve retirement outcomes, not just investment performance.**

**F**OR MUCH OF the past three decades, the superannuation industry has been highly effective at measuring performance during the accumulation phase. Investment returns, fees, insurance and product design have provided clear indicators of success. But retirement, the ultimate purpose of the system, has proven far harder to measure.

As Australia's retirement system matures, a more fundamental question is emerging: how do we know whether members are truly achieving good retirement outcomes?

This question increasingly sits at the heart of regulatory, trustee and policy focus. Funds must be able to measure, understand and improve retirement outcomes, not just investment performance.

At Aware Super, this question and challenge led to the development of the Retirement Adequacy and Income Stream Efficiency (RAISE) framework. RAISE is an approach designed to measure member success across both the accumulation and retirement journeys and to embed that measurement into decision-making across the fund.

#### FROM PRODUCT METRICS TO MEMBER OUTCOMES

Historically, accumulation success has been relatively straightforward to measure. MySuper regulation has largely framed member outcomes through product-level metrics, supported by a range of strong default settings. As a result, returns, fees and insurance outcomes have served as clear



*Measuring retirement success at the fund level remains an industry challenge. Many commonly used indicators provide useful benchmarks but limited strategic insight.*

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and tangible indicators of both product performance and member outcomes.

Retirement outcomes are inherently more complex. They depend not only on balances and investment performance, but also on longevity, member engagement, advice and the design of retirement solutions. The Retirement Income Covenant reinforced this shift by requiring trustees to focus on income, sustainability and capital access, rather than simply product performance.

Yet measuring retirement success at the fund level remains an industry challenge. Many commonly used indicators, such as ASFA standards or survey-based retirement readiness, provide useful benchmarks but limited strategic insight. They often cannot distinguish between outcomes driven by, or meaningfully influenced by, fund actions and those driven by external forces such as markets, policy or demographics.

As the system matures, funds increasingly need a coherent framework that can measure outcomes, attribute drivers, and guide decision-making.

#### SPANNING THE FULL SUPERANNUATION JOURNEY

RAISE was designed to be built around two complementary measures: retirement adequacy (RA) and income stream efficiency (ISE). Together, these measures answer a simple but powerful question: are members building enough savings, and are they using them effectively?

The framework builds on the same technical foundations used in Aware Super's member-facing digital advice tools (My Retirement Planner and Retirement Manager), enabling outcomes to be assessed at the individual level and aggregated to provide enterprise-wide insight. This alignment allows trustees to move seamlessly between individual member outcomes and fund-level performance.

Importantly, the framework recognises that outcomes are shaped by multiple drivers – member decisions, trustee actions and external factors such as market conditions and policy settings. A key design feature is the ability to isolate the component part of outcomes the fund can directly influence, enabling clearer measurement of value delivered to members.

#### MEASURING ACCUMULATION SUCCESS: RETIREMENT ADEQUACY

Retirement Adequacy reflects the core purpose of the accumulation phase – helping members build sufficient savings to support their desired living standard in retirement.

The measure compares projected retirement income against a target derived from replacement rate concepts. Targets are calibrated to reflect differences across the membership, recognising that lower-income members typically require higher replacement rates, while higher-

income members require lower proportional replacement.

A score of 85 per cent, for example, indicates that members are projected to achieve 85 per cent of their retirement income target, accounting for investment uncertainty and risk. The framework does not reward excessive risk-taking simply to increase projected income, ensuring that measured improvement reflects genuine improvement in member outcomes.

#### MEASURING RETIREMENT SUCCESS: INCOME STREAM EFFICIENCY

While accumulation determines how much savings members retire with, retirement outcomes ultimately depend on how effectively those savings are converted into sustainable income.

Income stream efficiency measures the proportion of sustainable income members are projected to achieve relative to their sustainable income potential. Sustainable income potential is defined as the level of income that can be maintained over retirement given accumulated savings and expected longevity.

A score of 75 per cent, for example, suggests members are receiving only three-quarters of the income they could sustainably achieve. This gap may reflect conservative investment positioning, minimum drawdown behaviour, or limited engagement with retirement solutions and advice.

The measure therefore provides insight into both member behaviour and the effectiveness of retirement solution design, advice and engagement strategies. It highlights where targeted improvements, such as better defaults, personalised nudges and enhanced retirement solutions, can materially improve retirement outcomes.

#### FROM MEASUREMENT TO DECISION-MAKING

RAISE shifts outcome measurement from reporting to active decision-making. The framework enables funds to identify which initiatives deliver the greatest improvement in member outcomes. Attribution analysis can quantify the relative contribution of investment performance, voluntary contributions, fees, retirement solution uptake and broader system effects.

A coherent structure emerges from this approach for prioritising initiatives across the organisation, linking investment, product, advice and engagement to a shared outcome measure. In practice, RAISE becomes a common language across the fund, supporting better resource allocation and member-outcome-focused decision-making.

The following table illustrates how RAISE can support business planning and the evaluation of policy implications. The examples are illustrative only, rely on simplifying assumptions, and do not represent Aware Super's enterprise targets.

## RAISE-ing the bar: How different factors can impact retirement outcomes

ACCUMULATION		RETIREMENT ADEQUACY IMPACT
Super returns	+1% p.a. for MySuper members for five years	+0.30%
My Retirement Planner	A digital advice tool to help accumulation members develop appropriate savings plans	+0.50%
System maturity	Members having increased SG contributions and longer contribution period	+1.00%
RETIREMENT		INCOME EFFICIENCY IMPACT
Delay in moving to an account-based pension	Lost tax concession in investment earnings for five years	-0.10%
Improved retirement solutions	Smart default settings and including a longevity product in the solution	+1.40%
Retirement Manager	A digital advice tool to provide retiring members the confidence to draw a greater income	+0.40%
Impacts are illustrative only. Not representative of Aware Super's enterprise targets.		

### VALUE IN A CHANGING REGULATORY ENVIRONMENT

Outcome measurement also plays an important role in demonstrating fiduciary value and meeting regulatory expectations. APRA's evolving member outcomes framework emphasises forward-looking measurement integrated into business planning and decision-making, rather than retrospective reporting.

By providing a clearer link between strategic initiatives and member outcomes, the framework strengthens the ability of funds to demonstrate alignment with the legislative objective of superannuation and the delivery of value in members' best financial interests.

The ability to measure outcomes coherently is also critical for the whole system. RAISE highlights several characteristics that may be essential for any industry-wide outcome framework:

- A measure spanning both accumulation and retirement phases
- The ability to separate fund impact from external factors
- Alignment between individual member outcomes and fund-level measurement
- Integration into business and strategic decision-making

Together, these elements support improved transparency, stronger policy insight and better retirement outcomes for members.

In addition, the framework recognises that member outcomes are influenced not only by fund actions, but also by broader system and policy settings. By separating external drivers from fund-directed effects, RAISE provides a structured way to assess how alternative policy settings may shape retirement outcomes across the membership.

This becomes increasingly important in a maturing retirement system, where policy choices relating to lifetime income products, access to retirement advice, retirement income pathway design and the integration of retirement income pillars materially influence member wellbeing.

### A MEANS, NOT AN END

Measuring retirement success is a means, not an end in itself. The objective is to improve the financial wellbeing and security of members in retirement.

Frameworks such as RAISE help translate the system's purpose – delivering sustainable income for a dignified



“  
Separating external drivers from fund-directed effects provides a structured way to assess how alternative policy settings may shape retirement outcomes across the membership.”

retirement – into measurable, actionable insight. They allow funds to identify where they are delivering value, where gaps remain, and how strategic initiatives can improve outcomes over time.

As the retirement phase becomes the defining challenge of the superannuation system, the ability to measure what truly matters for members will increasingly shape how funds design, prioritise and deliver retirement outcomes. RM

## PARTNER CONTENT

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# Democratising Advice: A National Priority for Australia's Retirement System

FRANK LOMBARDO

**Australia has built one of the world's most successful retirement savings systems. The challenge now is ensuring every Australian can access affordable, timely advice to turn those savings into sustainable income. Achieving that requires coordinated action across policymakers, regulators and industry – and a commitment to treating advice as a public good.**



**A**USTRALIA'S SUPERANNUATION SYSTEM is widely regarded as one of the most successful retirement savings systems in the world. Decades of policy reform, industry innovation, and regulatory oversight have enabled millions of Australians to accumulate significant retirement savings.

Now the focus is shifting to helping Australians feel confident about their retirement while turning those savings into sustainable incomes. Achieving this requires coordinated action across policymakers, regulators and industry to ensure information, guidance and advice is accessible at the moments that matter most.

"We have created a world-leading super system for accumulation," says Frank Lombardo, chief executive officer of MUFG Retirement Solutions ANZ.

"We all agree that the next challenge is converting that strength into a world-leading retirement system. Progress has been slower than we'd like. Product and technology will play their role, but we believe the democratisation

of advice will ultimately have the greatest impact in helping Australians in retirement."

### THE ADVICE GAP AUSTRALIA CAN NO LONGER IGNORE

Access to financial advice remains a major barrier to achieving better retirement outcomes.

Comprehensive advice can cost between \$3000 and \$5000 upfront, with ongoing fees of \$2000 to \$4000 per year. This places professional guidance out of reach for most households facing rising living costs.

But still demand is growing. Australians approaching retirement face increasingly complex decisions around investment risk, longevity, and income strategies. MUFG Retirement Solutions services nearly nine million super accounts, with thousands of members calling each week for advice – especially during market volatility or major economic events.



# A brighter retirement future starts here

At MUFG Retirement Solutions, we partner with our clients to deliver next-generation retirement solutions that help them reimagine retirement for over 12 million members worldwide.

By combining our global scale, advanced technology, and decades of expertise, we power the infrastructure behind modern retirement.

If you're looking for a brighter future for your members, look no further than MUFG Retirement Solutions.

**Empowering brighter futures in retirement**

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**MUFG Retirement Solutions**  
A division of MUFG Pension & Market Services



“We take thousands of calls every week from Australians seeking help at moments that matter,” Lombardo says.

“Often, we can provide factual responses, but the system makes it difficult to deliver practical guidance. This is a real example of how Australians are left without fit-for-purpose advice when they need it most.”

The current cost of advice and the limited capacity of the profession mean many Australians cannot access simple advice and guidance. Structural change is needed to drive down costs and expand capacity.

#### SHIFTING THE NATIONAL CONVERSATION

Policy discussions have mainly focused on reducing regulatory complexity for advisers. While simplification is valuable, Lombardo stresses the broader issue is access. Australians need safe, affordable financial guidance. Advice should be treated as a public good, much like preventative health care.

“Advice should be something people can access when key financial decisions arise, not a luxury reserved for wealthier Australians,” Lombardo says.

He believes shifting the emphasis from adviser relief to greater access to financial support for all Australians will mobilise industry, policymakers, and regulators to act with pace. While doing so, it is important to maintain trust and strong consumer protections.

Consistently providing timely guidance during economic volatility or critical life events builds trust and confidence in the system, which is essential if we want to deliver better retirement outcomes.

#### A TIERED APPROACH TO ADVICE

Solving capacity constraints requires structural change. A tiered advice model ensures Australians receive guidance proportional to their needs:

- **One-off advice:** Targeted guidance on specific decisions, such as consolidating super accounts or reviewing insurance.
- **Scaled or limited advice:** Focused support for defined issues, like retirement income planning or investment choices.
- **Comprehensive personal advice:** Full holistic financial strategy, tailored to individual circumstances and long-term goals.
- **Specialist advice for high-net-worth Australians:** Expert guidance for complex cases.

“To date, industry has been caught up debating language – defining what terms like simple, scaled, limited, personal or comprehensive actually mean,” Lombardo says.

“Australians aren’t focused on the terminology. They just want clear, trusted guidance they can understand. At the same time, it is critical to maintain trust and strong consumer protections, ensuring all forms of advice, regardless of tier, meet appropriate standards and clarity for members.”

Previous drafts of the upcoming Delivering Better Financial Outcomes legislation proposed to introduce a new class of adviser to support scaled advice, expanding capacity across the system.

The government has emphasised that improving adviser education is critical to ensuring these new tiers of advice are delivered safely and effectively, giving Australians confidence in both the guidance and the professionals

providing it. Combined with technology-enabled solutions, a tiered model can lower costs, increase access, and move the system closer to true democratisation of advice.

#### TECHNOLOGY IS THE MULTIPLIER

Technology is a critical enabler in expanding access to advice. Artificial intelligence, digital platforms, and secure data integration can reduce costs, improve efficiency, and safely broaden access to millions of Australians currently without guidance.

AI can support fact-finding, financial forecasting, and paraplanning, while automation streamlines compliance and advice documentation. Open Banking and integrated data systems further enhance the speed and accuracy of service delivery.

Digital delivery can be tailored to meet different needs.

- **Mass-market Australians:** Self-service digital tools and apps that provide guidance and decision support.
- **Middle-income Australians:** Hybrid human-digital models that deliver scalable guidance with access to support when needed.
- **Comprehensive personal advice:** Human-led advice tailored to individual circumstances and long-term financial goals.
- **High-net-worth and specialist cases:** Expert, human-led advice for complex financial needs.

“Technology will be a significant enabler in expanding capacity,” Lombardo says. “Used responsibly, AI can free up human advisers to focus on complex cases, helping experienced professionals reach more Australians.”

Digital tools, combined with secure data integration and strong cybersecurity, lower costs and make guidance accessible at scale. At the same time, fraudsters are moving just as quickly, targeting Australians through scam emails, texts, and unsolicited offers that appear legitimate but are designed to exploit trust. This is why legislative guardrails are essential to protect members from criminals while allowing innovation to progress safely.

#### MAKING ADVICE A NATIONAL PRIORITY

Delivering affordable, accessible advice at scale is a national priority, not just an industry issue. Effective guidance helps Australians manage longevity risk, market volatility, and retirement income, building their trust in the super system, while reducing long-term reliance on the Age Pension.

Collaboration across super funds, advisers, regulators, policymakers, and technology providers is essential. Integrating financial literacy and advice into schools helps Australians build lifelong habits, while normalising advice as part of everyday planning – much like a visit to the GP for preventative health care – builds trust and confidence over time.

“Australia has built one of the world’s strongest super systems, achieved through collaboration between government, regulators, and industry,” Lombardo says. “The challenge ahead is turning that into a retirement system that delivers confidence, choice, and income certainty for every Australian.”

By embracing innovation, scaling access, and positioning advice as a public good, Australia can move beyond accumulation to a retirement system that truly serves all Australians. RM

## ANALYSIS

# Retirement Super Needs to Be Simpler for People to Make the Most of It

BRENDAN COATES

About 200,000 Australians retire each year, superannuation balances at retirement are growing, and super is displacing the Age Pension as the main form of income for more retirees.



**M**ORE SUPER SHOULD make for a more comfortable and stress-free retirement. But Australia's super system is too complex. It stresses retirees out and leaves them without the confidence to spend their savings. Four in five people say planning for retirement is complicated, and 60 per cent don't think their retirements will be financially stress-free.

After decades of compulsory super contributions, we risk falling at the last hurdle.

## TOO LITTLE GUIDANCE

The super system makes most big decisions for Australians while they are working, such as how much to contribute or how it's invested. But once Australians retire, there is little guidance about how they should use their funds. The system casts retirees adrift.

The little guidance retirees do receive is unhelpful, steering them into account-based pensions, often drawn at the legislated minimum drawdown rates. This leaves them alone to self-manage their spending in the face of daunting uncertainty.

No one knows how long they will live. On average, an Australian woman aged 65 today can expect to live until 88.

But they also have a one-in-five chance of either dying before age 81 or of making it to 94. And no one knows what future investment returns will be, or how their cost of living might change.

## BOLDER REFORM NEEDED

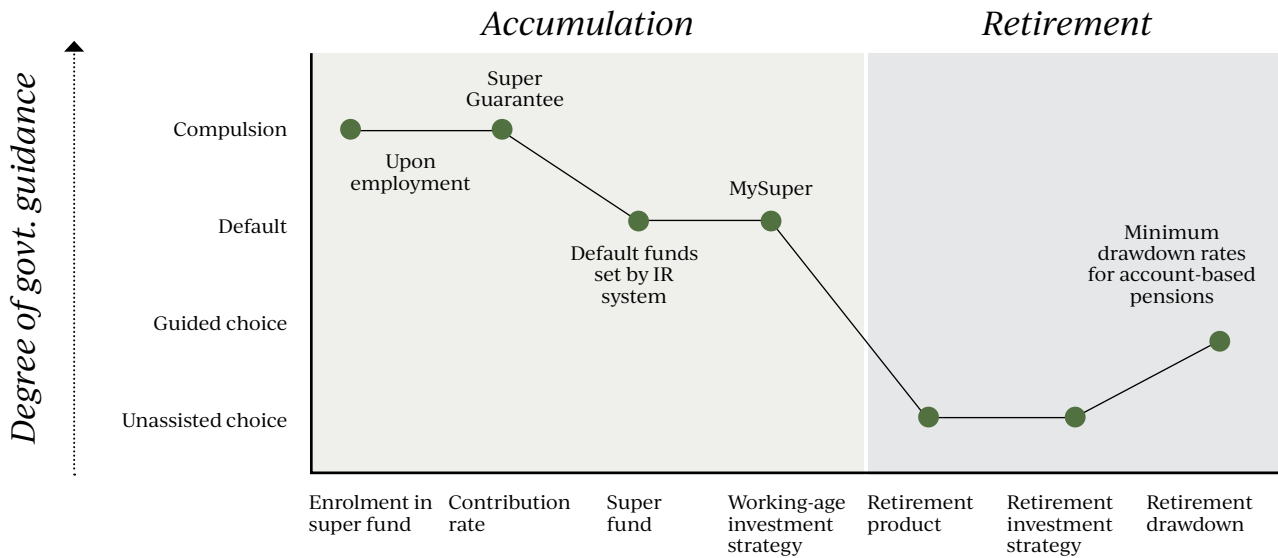
Successive federal governments have tried to prod and empower super funds to help their members into and during retirement. Principles have been used to set expectations – via the RIC and the accompanying Best Practice Principles – and financial advice laws are being reformed to make it easier for funds to provide personalised help at scale.

But these initiatives are not sufficient. They might improve fund offerings for some, but they fall short of the more structural changes needed to improve retirement outcomes for all.

The RIC lacks any real penalty for funds that don't take it seriously. Unsurprisingly, regulators have found funds patchy in their implementation.

Freeing up funds to give more financial advice might help a few retirees who are lucky enough to be in a fund that does that well. But relying on more financial advice alone to help retirees navigate such a complex system will prove less

**Workers receive a lot of guidance about their super, but in the retirement phase people are cast adrift**



Source: Grattan adaptation of Centre of Excellence in Population Ageing Research (2022), Financial decision-making for and in old age, Figure 1.

effective, and more expensive, than simplifying the choices retirees face in the first place. And loosening the regulation of financial advice is dangerous without better consumer protections in place.

CAUTIOUS ABOUT SPENDING SAVINGS

Together, all these factors lead many retirees to be cautious about their spending. Few retirees draw down on their retirement savings as intended. In fact, many are net savers – their savings continue to grow for decades after they retire.

Our analysis<sup>1</sup> of the ABS Survey of Income and Housing<sup>2</sup> shows that for people aged 60–64 in 2003–04, average super balances had grown by 37 per cent in real terms by the time they were aged 76–80 in 2019–20. And their average net financial wealth, excluding the equity in their home, grew by 14 per cent over the same period.

Australia’s \$4.5 trillion<sup>3</sup> superannuation system is turning into a massive, taxpayer-subsidised inheritance scheme. That’s not how super was supposed to work.

Grattan Institute’s 2025 report, *Simpler super: Taking the stress out of retirement*<sup>4</sup> recommended a three-pronged approach to ensure retirees get the most out of their super.

STEER RETIREES INTO ANNUITIES

The widespread use of account-based pensions makes Australia a global outlier. Retirees in most rich countries are automatically given – or otherwise strongly encouraged to choose – an income guaranteed to last their entire lives.<sup>4</sup> Research suggests having an income that is guaranteed to last until death can reduce stress<sup>5</sup> and boost retirees’ spending.<sup>6</sup>

Our report recommends that retirees be encouraged to use 80 per cent of their super balance above \$250,000 to purchase an annuity.

The government could embed this pre-set guidance throughout the retirement income system. It could be included in all relevant communications with retirees from super funds, and especially at the point of retirement. Research shows<sup>7</sup> that retirees tend to choose the option put in front of them.

The remaining super balance – \$250,000, plus the remaining 20 per cent of any savings above that level – would continue to be drawn down via an account-based pension. Retirees would still have access to that portion of their super for large purchases if needed.

We showed that using some super to buy an annuity could boost expected retirement incomes by up to 25 per cent, compared to solely drawing on an account-based pension at legislated minimum rates. And it would ensure that the bulk of retirees’ incomes, irrespective of their super balances, would be guaranteed to last the rest of their lives.

GOVERNMENT SHOULD PROVIDE ANNUITIES...

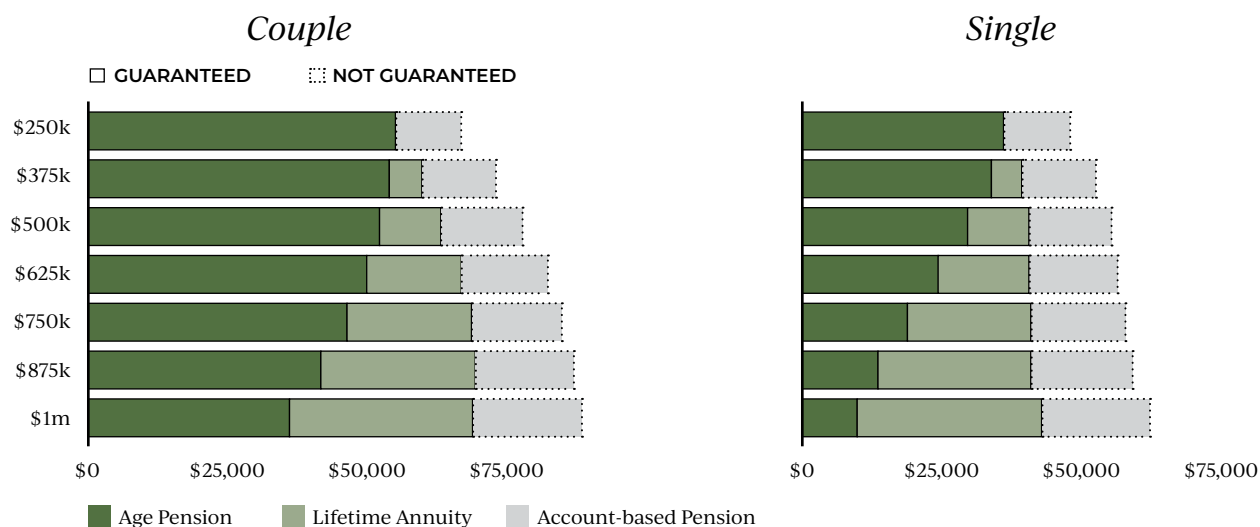
But forcing super funds to offer annuities and steering retirees into them is a difficult, if not impossible task.

Super funds have resisted<sup>8</sup> previous attempts by government to require them to offer annuities to retirees.<sup>9</sup> Many people also struggle to understand and compare annuities. They often find it difficult to switch to a better deal later even if they can spot one.

1 Grattan analysis: <https://grattan.edu.au/report/simpler-super/>  
 2 ABS Survey of Income and Housing: <https://www.abs.gov.au/participate-survey/household-survey/survey-income-and-housing>  
 3 \$4.5 trillion: <https://www.apra.gov.au/quarterly-superannuation-performance-statistics-highlights-september-2025>  
 4 An income guaranteed to last their entire lives: [https://www.oecd.org/en/publications/2023/12/pensions-at-a-glance-2023\\_4757bf20.html](https://www.oecd.org/en/publications/2023/12/pensions-at-a-glance-2023_4757bf20.html)  
 5 Can reduce stress: [https://www.researchgate.net/profile/Keith-Bender/publication/23647866\\_What\\_Makes\\_Retirees\\_Happy/links/0046353578c678a403000000\\_What-Makes-Retirees-Happy.pdf](https://www.researchgate.net/profile/Keith-Bender/publication/23647866_What_Makes_Retirees_Happy/links/0046353578c678a403000000_What-Makes-Retirees-Happy.pdf)  
 6 Boost retirees' spending: [https://papers.ssrn.com/sol3/papers.cfm?abstract\\_id=3875802](https://papers.ssrn.com/sol3/papers.cfm?abstract_id=3875802)  
 7 Research shows: <https://researchportalplus.anu.edu.au/en/publications/default-and-naive-diversification-heuristics-in-annuity-choice>  
 8 Have resisted: <https://www.superreview.com.au/news/superannuation/asfa-urges-against-cipr-longevity-component>  
 9 Require them to offer annuities to retirees: <https://consult.treasury.gov.au/development-of-the-framework-for-comprehensive-income-products-for-retirement>

## Annuitising some super can ensure most of retirees' incomes are guaranteed to last their entire lives

Projected average retirement incomes if some super is annuitised, by sources and retirement balance, \$2024



Notes: Assumes retires at 67 and lives to 89. Remaining super is an account-based pension at the minimum. Conversion rates are for a fixed-nominal annuity: 7.08 per cent at 4 per cent interest. Includes 0.1 per cent administration/Govt levy; uses the 8th decile of the female Index of Relative Socio-economic Advantage and Disadvantage sub-group mortality rates to account for potential adverse selection. Australian Government Actuary improvement factors applied to adjust mortality upwards. All other assumptions as per the Grattan Retirement Income Projector (see Coates and Nolan, 2020, Balancing Act). All retirees have a small amount of assessable assets that scales with super balances.

Source: Grattan Institute analysis.

Recent experience in the UK<sup>10</sup> showed when required to purchase an annuity, most people simply took what their fund was offering and often got a poor deal.

Designing a regulatory regime that overcomes these issues is a huge challenge. The best option is for the government to directly offer annuities.

It should offer all retirees a simple lifetime annuity as the baseline option, but could also offer alternatives including investment-linked lifetime income streams, where payments are guaranteed for life but the level can vary based on investment returns.

Priced fairly, administered by an independent agency, and with assets managed by the Future Fund, a government annuity would encourage take-up. Retirees would be more confident that they're getting a good deal.

### ... AND PROVIDE BETTER GUIDANCE

As the architect of Australia's complicated retirement incomes system, the government has an obligation to help retirees navigate it.

Even with more guidance towards annuitisation, many retirees will still need help understanding the right purchase for them. And almost all retirees with super will need some help understanding how their super (and other income and assets) interacts with their Age Pension entitlement.

The government offers a range of resources and services to workers and retirees. It should integrate them and build on them.

A government guidance service would be less likely to be conflicted than the advice offered by super funds, and therefore more likely to be trusted by many retirees. It would be much better placed than super funds to help couples plan their retirement income, and to service people

with diverse linguistic or other needs. It could be integrated with the myGov online portal and could also assist retirees to apply for the Age Pension.

### BETTER PRODUCT REGULATION

Super funds have a big role to play in helping Australians in retirement. Even with widespread annuitisation and better government guidance, most retirees with super would continue to use an account-based pension. And many Australians would still seek guidance from their super fund.

But the regulation of retirement super is too light. More is needed.

The performance test should be extended to account-based pensions, to weed out those that are poor-value. The government should ask APRA (the Australian Prudential Regulation Authority) to develop and maintain product performance assessments for account-based pensions and private lifetime-income products.

The government should also create a shortlist of the top 10 super funds, selected by an independent expert panel, and then steer retirees towards those funds. Funds should be selected based on their governance and their capacity to deliver strong, risk-adjusted returns in the long term, and to provide good-quality guidance and advice to retirees.

This would encourage all super funds to lift their game – including the quality of the guidance and support they provide to retiring members – because funds would compete to make the top 10 and stay there. It would also provide a better system for default fund status in a post-stapling world.

Superannuation offers Australians the promise of a more comfortable and stress-free retirement. The government playing a bigger role could help turn that dream into reality. RM

<sup>10</sup> Experience in the UK: <https://www.fca.org.uk/publications/market-studies/retirement-income-market-study>

## ESSAY

# Designing a Retirement System That Works For Everyone

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**Australia's retirement system works well for higher-balance members, but a large cohort enters retirement with modest superannuation balances, lower housing security and ongoing reliance on the Age Pension. Designing a system that works for everyone requires policy settings that reflect how Australians actually work, live and retire.**



**M**UCH OF TODAY'S super and retirement policy discussion, including some of the debates about tax concessions for higher-balance members and superannuation product design, tends to centre on their needs. These discussions often focus on lifetime income products and more complex retirement solutions.

These issues are extremely important. But they don't reflect the reality for all Australians.

A large cohort of Australians enter retirement with modest superannuation balances, lower housing security, and an ongoing reliance on the Age Pension. For these Australians, the central challenge is not how to optimise a large pool of savings over decades. It is how to combine super, work and the pension to maintain financial security and flexibility in later life.

Under the Retirement Income Covenant, trustees must account for their distinct memberships, including access to the Age Pension, and design a Retirement Income Strategy accordingly.

If we think about the retirement system primarily around those at the top end, we risk leaving this cohort behind.

## REFLECTING THE NEEDS OF THOSE WITH MODEST BALANCES

Australians retiring with modest balances are not a marginal group. They reflect the reality of a workforce characterised by part-time and casual work, career breaks, lower wages and rising living costs.

Rest's membership provides a useful illustration of this reality. Rest members aged 60–69 have an average super balance of around \$115,000, with a median balance significantly lower.<sup>1</sup> Among members aged 60 and over who remain in accumulation, median balances are lower again.

These balances are not sufficient to fully fund retirement. They will need to be supplemented by another income source.

Housing further compounds the challenge. A significant proportion of older Australians do not own their home outright. Many continue to rent or carry significant mortgage debt into retirement. The fastest growing group of people experiencing homelessness in Australia is older women. Retirement income adequacy cannot be separated from housing security and affordability.

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<sup>1</sup> Rest member data as at September 2025

These outcomes are structural. They reflect how Australians work and live, not poor engagement with the super system.

### **Retirement doesn't follow a clean break**

Another key misalignment in the system is the assumption of a clean transition into retirement.

Increasingly, Australians continue working beyond traditional retirement age. Many move in and out of paid work, draw on super intermittently, or delay moving fully into retirement phase products (noting delays can come with a significant tax disadvantage). This reality sits uncomfortably with a system that assumes a binary shift from accumulation to decumulation. Many modest-balance members value flexibility and access to capital in times of need.

Reform is sorely needed, including enabling members to make contributions into a super product that is paying a retirement income, and streamlining of the transition from accumulation to retirement phase.

Further, contrary to the assumption that retirees only draw the minimum, many draw more than required, often to manage debt, aged care, health costs or other expenses.

For many members, account-based pensions may remain the most appropriate retirement income solution, not because the system has failed to innovate, but because flexibility can matter more than product complexity.

### **A strength of the system: the Age Pension**

This is where the retirement conversation must broaden.

Australia's retirement system rests on three pillars: superannuation, private savings and the Age Pension. Yet the pension is too often treated as a residual safety net rather than a foundational component of the system.

For more than half of retired Australians, the Age Pension provides more than half their retirement income, and provides a core retirement income source for about 7 out of 10 Australian retirees.<sup>2</sup> For those with modest balances, it delivers what lifetime income products seek to provide elsewhere: longevity protection, income certainty, and stability.

In this context, superannuation can play a complementary role – providing flexibility, liquidity and the ability to respond to life events. This interaction between super and the Age Pension is one of the strengths of the system.

To improve outcomes for modest balance retirees, we must design policy settings that recognise and strengthen this interaction. This includes building stronger pathways for members into appropriate retirement solutions, and better support for members who rely on the Age Pension.

### **Policy reforms needed**

Several policy levers have an outsized impact on retirement outcomes for Australians with modest balances and receiving the Age Pension:<sup>3</sup>

**Work in retirement** is one. Many retirees want or need to continue working. The Age Pension Work Bonus allows a small amount of income to be earned without reducing pension entitlements. However, the very high effective marginal tax rates above the Work Bonus threshold provide

a significant disincentive to working after age 67. Increasing the Work Bonus payments threshold would allow retirees to earn more without reducing Age Pension entitlements, improving financial security while supporting workforce participation and wellbeing. It's a commonsense reform.

**Housing support** is another. Commonwealth Rent Assistance is critical for retirees who rent, yet despite some recent increases, it has simply not kept pace with significantly increasing housing costs. The ASFA Retirement Standard highlights the stark difference in retirement adequacy between renters and homeowners, with over three times the amount of super needed for a renting couple, compared to homeowners, for a "modest" retirement.<sup>4</sup> With home ownership rates among older Australians projected to decline, this challenge will only intensify. Renters remain an extremely vulnerable group in retirement.

**Complexity** remains a significant barrier. Applying for the Age Pension is often difficult, time consuming, and stressful. For many retirees, delays or confusion materially affect financial security. Radically simplifying application processes and improving data sharing between government agencies and super funds<sup>5</sup> would significantly improve access to entitlements. The super industry must be part of the conversation about how to make the Age Pension as accessible as it can be for Australians.

### **The role of super funds**

Super funds must continue to uplift their capability and support for members entering retirement. This includes better data, improved guidance, and more accessible financial advice. The Government's Best Practice Principles for Superannuation Retirement Income Solutions will support these efforts. Reforms such as targeted super prompts and clearer advice frameworks have the potential to support better decision-making. The swift passage of the Government's Delivering Better Financial Outcomes reforms is therefore essential.

But super alone cannot solve retirement adequacy for Australians with modest balances. For these members, outcomes depend on how well super integrates with the Age Pension.

Expecting increasingly complex products to compensate for structural income gaps is neither realistic nor equitable.

### **Designing for everyone**

The current focus on retirement reform presents a genuine opportunity. But that opportunity will only be realised if the system is designed inclusively.

A retirement system that works well only for higher-balance members is not a complete system. A dignified retirement for all Australians requires recognising Government income support as a foundational pillar, improving and simplifying access to the Age Pension, and aligning policy settings with how members work, live and retire.

The challenge is not simply to build better retirement products. It is to design a retirement system that truly works for everyone. RM

<sup>2</sup> The Conexus Institute (David Bell, Jeremy Duffield and Geoff Warren), September 2025. Retirement explainer series: Age Pension and other support for retirees.

<sup>3</sup> More information on Rest's policy reform recommendations can be found in Rest's 2026-27 Pre-Budget Submission available at [www.rest.com.au](http://www.rest.com.au).

<sup>4</sup> Association of Superannuation Funds of Australia (ASFA), ASFA Retirement Standard (December 2025 quarter).

<sup>5</sup> Rest has recommended the development of a framework for data sharing between government agencies and super funds, to uplift data integrity and support efficiencies across the system.



## ANALYSIS

# What is Really Going on Behind The Epic Retirement Tick v2.0

IAN FRYER

**The Epic Retirement Tick, launched last year by the Epic Retirement Institute and Chant West, provides consumers with an overview of super funds deemed to be doing a good job for members in retirement. The criteria behind the Tick are designed to evolve, and to reflect changing practice among funds.**

**I**N OCTOBER 2025, Chant West and the Epic Retirement Institute released the list of six super funds that were awarded the inaugural Epic Retirement Tick. In the weeks following this announcement, Chant West met with all funds that met our initial screening criteria (more than 20 funds) and for which we conducted a full assessment for the Tick, to discuss why they did or did not get the Tick.

The funds that didn't make it in 2025 were keen to understand what they need to do in 2026 and beyond to make the grade. Many of these funds recognised they could be doing more for their members in retirement, and we expect loads more retirement-focused services

and products from these funds in the next year or so. We were also encouraged to hear the plans of the six funds that received the Tick to further develop their offer to help members convert their super into retirement income – which is of course the point of the whole system.

While we were pretty happy with the initial 18 criteria we used in 2025, we always knew they could be improved. So we used the meetings with each fund and further conversations with many in the super industry to put together our 2026 criteria – and there are now 20.

The new criteria are shown on the next page. ▶

## Epic Retirement Criteria – March 2026

MAIN CRITERIA	ITEMS CONSIDERED
<b>Product Design &amp; Investments</b>	
1. Investments – different portfolios for pension	At least one diversified option specifically suited to pension members that can realistically be a member's single investment in pension
2. Investments – performance 70/30 option	70/30 (Growth) options are at least median over 7 years
3. Fees – administration	Administration fees for \$100k, \$250k, \$500k, \$750k, \$1m (at least 3 of 5 below or within 1 bps of median)
4. Retirement Bonus	Retirement Bonus available (or top quartile performance over 7 yrs)
5. Lifetime product	Provides a product that pays income for rest of life with age pension asset test benefit (& material take-up)
6. Education/advice on lifetime product	Engagement, guidance or advice services (cost at most \$1,500) that help members specifically on whether to use (and how to use) a lifetime product - engagement & guidance services would need to explain how the product works, who it might be appropriate for and how it can be used (done in an engaging way)
7. Drawdown strategies – either product feature or nudges to consider above minimum	Helps members understand they may be able to draw more than the minimum through either a product feature or communications
8. Different retirement income solutions by cohort	Offers different solutions (product and/or service) for different cohorts of members, or tailored for each member, at no additional cost
<b>Education, guidance &amp; advice</b>	
9. Simple affordable retirement planning – individual	Provides simple retirement planning advice for individuals (provided by human, digital or hybrid) that produces SoA with recommended investments, annual drawdown and estimated age pension (cost at most \$1,000) with clear instructions for implementation & some usage
10. Simple affordable retirement planning – household	Provides simple retirement planning advice for household (provided by human, digital or hybrid - strategic only for partner component) that produces SoA showing recommended investments, annual drawdown and estimated age pension (cost at most \$2,000) with clear instructions for implementation & some usage
11. Access to comprehensive advice – need to provide all 3 through either internal or external advisers	Access for members approaching retirement to an adviser (either internal advisers or by external referral) who can provide retirement advice including household, other investments, estate planning etc (& some usage) Online portal available for internal advisers or external advisers (we will base our assessment on which group provides most comprehensive advice) Advice fees payable from account for comprehensive advice (mainly one-off fees)
12. Tools & Calculators – need to provide at least 3 of 4	Provides a retirement income calculator (for members approaching retirement) incorporating all retirement products offered - with at least MoneySmart's functionality Provides an income drawdown calculator (for those in retirement) Provides retirement budgeting tool with different levels of spend for each category based on ASFA Modest/Comfortable etc (either in calculator or separate) Provides access to an online service to calculate age pension entitlements (either as own tool or through a prominent link to a third party website)
13. Retirement-focussed nudges – need to provide at least 2 out of 3 to high quality	Retirement projections included on statements Retirement-focussed nudges used to increase awareness of adequacy of retirement income and actions to improve it, based on each member's personal circumstances Nudges to members over 65 to consider transfer to pension
14. Retirement Seminars/ Structured education – need to do at least one of these comprehensively	Seminars/webinars provided to help members understand the issues they need to consider when approaching retirement, including financial/super matters (demonstrable usage) Structured online education program that leads members through a series of modules covering what they need to know about retirement (demonstrable usage)
<b>Service Delivery</b>	
15. Key retirement actions able to done online – need to provide at least 3 of these 5 actions online	Non-lapsing binding nominations Pension join Change regular income Commute existing pension account and start new pension account (in a single process) Request ad hoc withdrawal from pension
16. Service levels (& performance to those levels) – need to be 3 days or less for at least 3 of 5 criteria for the most widely used channel – paper or online	Number of days to set up new pension product (transfer from super division) - SLA & performance Number of days to set up new pension product (new member to the fund) - SLA & performance Number of days to change regular income received from account-based pension - SLA & performance Number of days to commute existing pension account and start new pension account - SLA & performance Number of days to pay ad hoc payment from account-based pension - SLA & performance
17. Contact centre service – average answer time < 75 secs or 75% of calls in 2 minutes & <5% drop-out rate	Contact centre wait times Contact centre drop-out rates
18. Efficiency of pension payments – need to offer at least 2 of 3	Time from request of ad hoc payment until payment is 3 days or less - SLA & performance Uses OSKO payments for any payments made to members (pension payments & ad hoc) Possible to make ad hoc payment on the day it is requested (up to a maximum amount)
19. Complaints – median or better for at least 3 of 4	Levels of complaints (% of members) Level of complaints not resolved in 45 days (% of complaints) Level of complaints sent to AFCA (% of complaints) Internal dispute resolution - high level of dedicated resources
20. Cyber security & fraud prevention – need to meet first item plus 2nd or 3rd items	External certification of cyber security protections performed in last 2 years (eg. CORIE, ISO27001, NIST) greenID or other secure online ID used for digital identity verification for pension account opening & otherwise MFA on login & high risk activities (eg. ad hoc withdrawals, change payment details, change PoA authority)

Funds need to meet 14 or more of the 20 criteria AND have no enforceable undertakings or additional licence conditions unless an appropriate independent party has confirmed the conditions have since been met

## HOW ARE THE 2026 CRITERIA DIFFERENT?

For 2026, we have provided more structure to the set of criteria, separating them into the following three areas – Product Design & Investments; Education, Guidance & Advice; and Service Delivery – in recognition of the importance of each of these areas. While high quality products, appropriate features and strong investments are critical to deliver strong retirement outcomes, funds also must provide education, guidance and advice to help members know how to use these products effectively. And then service delivery is critical to ensure members can easily join, manage and change how they use these products, and to get the most out of them.

When we turn to the individual criteria, we actually added five new criteria for 2026 and removed three criteria. Let's talk about the removals first, as they are all fairly simple.

First of all, we removed the intra-fund advice criteria covering single advice issues as more advice is generally needed by members around retirement. We also removed one of the performance criteria so that we now just look at the performance of the 70/30 option in pension.

And finally, we ended up blending in digital advice with the two simple retirement planning criteria, recognising that digital advice is just another way of providing the simple advice that members need.

What are the new criteria? Well three of the new criteria actually relate to service delivery as we wanted to beef up this section. We added one criteria that assesses whether members can do important pension-related actions online – like joining the pension division, commuting and starting a new pension and non-lapsing binding nominations. We also added a criteria on complaints – looking at the level of complaints, how efficiently they are resolved and what resources are available to resolve them. And we also added a criteria on cyber security and fraud prevention for which we have been assisted by a cyber consultancy – this one probably needs a bit more explanation.

Firstly, we are looking for funds that require multi-factor authentication on not just member login, but also for high-risk transactions. We also want funds to offer a secure online way for members to provide identification which is necessary around retirement when money can now be paid out. We also want to see that funds have strong cyber security protections and have external certification to demonstrate that. Funds may well have strong cyber practices but just like financial statements are certified by external audit, we believe cyber risks should be assessed with a comprehensive external certification – this provides us, as well as regulators and members, with confidence that cyber risks are being handled appropriately.

We also added a couple of new criteria under Product Design & Investments. Firstly, we added a criteria that looks at the education, guidance and advice services provided to members to help them consider whether a lifetime product might be right for them and, if so, how best to use it. It is critical to provide such services to members approaching retirement, otherwise very few retiring members would take up a lifetime product, even though it may be ideally suited to their situation. Any education and guidance on lifetime products needs to be done in an engaging way and any advice must be low-cost. This criteria may also look at where an external lifetime product is often considered by a fund's internal advisers when advising for their clients, and is sometimes taken up.

## REFLECTING BEST PRACTICE

The other new criteria in this section reflects one of the Treasury Best Practice Principles: that different retirement cohorts need to be presented with differentiated product and service offerings. Our criteria requires that different solutions (which could be product and/or services) are offered to members based on their retirement cohort or maybe even based on their individual circumstances. We expect to see a lot of development in this space in coming years as funds get better at recognising what solutions are appropriate for which members.

We also made some other changes to existing criteria as follows:

- The investment portfolio “ideally suited to pension members” now must be a diversified option
- The one remaining performance criteria for the 70/30 option is now assessed over seven years rather than 10 years
- In addition to offering a lifetime product, we want to see some take-up of the product by members
- Our two simple retirement planning criteria now cover advice delivered by humans, digitally or hybrid, but also explicitly require that these services include advice on recommended investments, annual drawdown and estimated age pension, with clear instructions on implementation (and we have increased the threshold for household advice to \$2000)
- Our assessment of each fund's comprehensive advice offering will be based on whichever advice offering is used the most – either advice provided through internal advisers or external advisers
- Our Tools & Calculators criteria now requires that the retirement income calculator's functionality is at least as good as MoneySmart, and we also assess whether a member has access to an online tool to show current age pension eligibility and entitlements, either on the fund website or through a prominent link to an external tool
- We have also included in the retirement nudges criteria whether a fund is nudging those over age 65 with only a super account to consider whether they should transfer to pension

## WHAT DO FUNDS NEED TO GET THE EPIC RETIREMENT TICK?

In order to be awarded the Tick, funds will need to meet 14 of the 20 criteria, plus also meet one final overarching criteria: that there is no current Enforceable Undertaking or additional licence condition, unless an appropriate independent party has confirmed the relevant conditions have now been met.

This overarching criteria recognises that such regulator-imposed conditions reflect that some changes need to be made in these funds. But we also don't need to wait for APRA's removal of additional licence conditions as these may not always be announced publicly, and if a fund has genuinely made the required changes as confirmed by an appropriate independent party, then they should no longer be excluded.

We are looking forward to assessing funds in September and we anticipate seeing lots of initiatives funds have introduced that may help funds get the Tick but, most of all, will mean these funds are providing more of what members need, both leading into and in retirement. RM

ANALYSIS

# Engagement is Shifting from Communication to Confidence

ALANA DEVITT

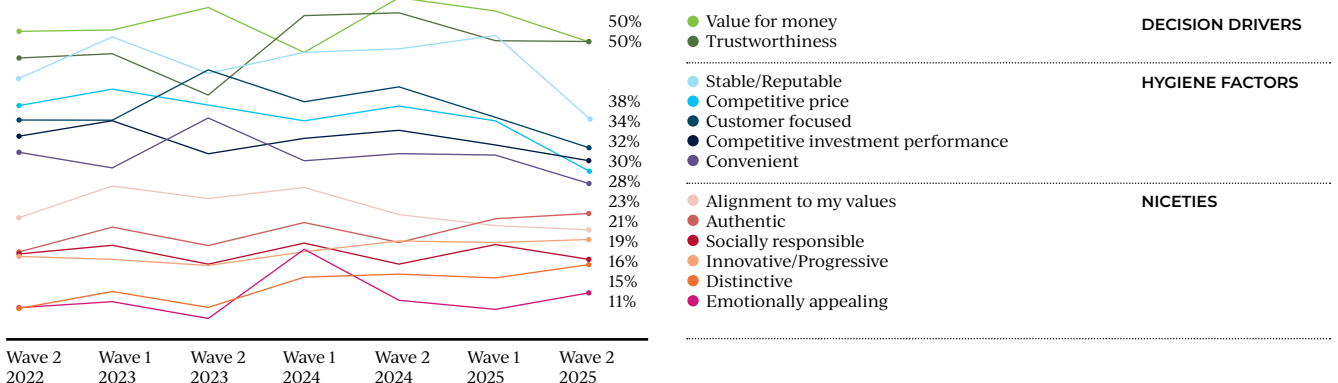
The next phase of member engagement will not be won on returns or communications volume. CoreData research shows members want confidence and practical guidance, and the funds that deliver it at key life moments stand to gain the most. And even though fewer members switched funds in 2025, one in four say they still might. The retention battle has not been won, it has simply become less visible.



THE NEXT PHASE of member engagement will be won on confidence, not communication volume. For super funds, it will not be achieved by sending more messages, launching another feature in the app, or pointing to stronger market returns. The real challenge now is more practical and more demanding, turning passive members into confident ones with clear outcomes.

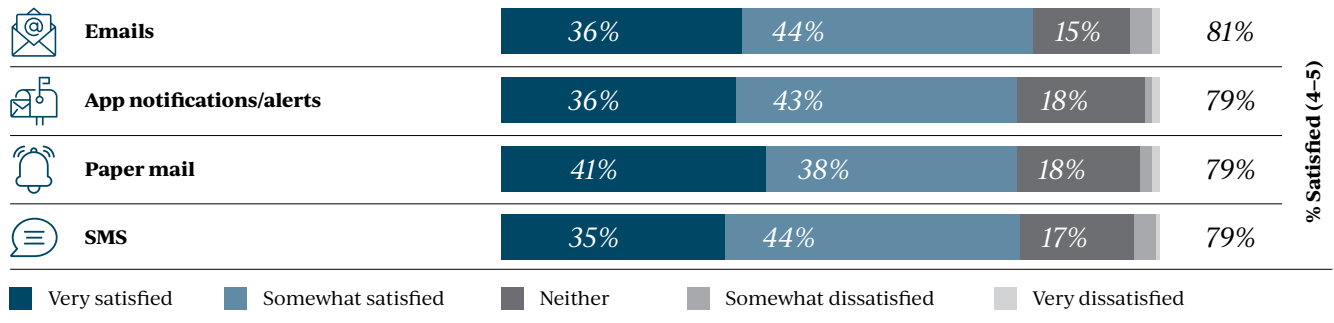
That distinction matters. Stability in super does not always reflect commitment; often, it reflects inertia. Members may not be actively dissatisfied with their fund, but nor are they deeply attached to it. They stay because the category remains low attention, not because their provider has become indispensable. This is the strategic challenge now emerging for funds: engagement is no longer primarily a communications issue. It is a confidence issue. The funds that outperform over the next few years are likely to be those that reduce uncertainty, simplify choices, and make members feel more in control at the moments that matter.

The CoreData member engagement research suggests the sector is moving into a more mature phase of engagement. Self-service has normalised. Digital channels matter more than ever. But service moments still carry disproportionate weight, particularly when something goes wrong or requires explanation. Members are increasingly expecting guidance rather than information – not more material for the sake of it but help that makes complex decisions easier to navigate. Reach still matters, but reach on its own is no longer enough.



### Satisfaction with member communications by channel

(Among those who have read communications from main fund)



### LOWER SWITCHING DOES NOT MEAN THE RETENTION JOB IS DONE

The proportion of members who said they had switched super funds in the past two years fell to 8 per cent in 2025, down from 11 per cent in 2023 and 12 per cent in 2024. But the most commercially important segment is not necessarily the member already halfway out the door. It is the much larger group that is merely persuadable – members who are not dissatisfied enough to move now, but not loyal enough to dismiss alternatives later. A member does not need to be angry to leave; they simply need to encounter a moment where another option appears clearer, more relevant or easier to use.

The data also reinforces what members say they care about most when choosing a fund. In the latest wave, value for money and trustworthiness were each nominated by 50 per cent of members, significantly ahead of stable and reputable at 38 per cent, competitive price at 34 per cent and competitive investment performance at 30 per cent. That is a notable result for any fund still assuming strong returns alone will carry the relationship. Investment performance matters, but members are telling funds, quite clearly, that the broader value equation and the credibility of the provider weigh more heavily in decision-making.

### TRUST IS RISING, ADVOCACY REMAINS HARDER WON

There is real progress in member sentiment measures. Satisfaction with service quality improved from 74 per cent in 2023 to 77 per cent in 2025. Strong association with trustworthiness climbed from 74 per cent to 77 per cent this

year. Value-for-money association also rose steadily. But actual churn and switching intent are not the same thing, and the gap between them is where the commercial risk sits. The proportion of members who say they are likely to switch to another super fund has barely moved over the past three years: 26 per cent in 2023 and 25 per cent in both 2024 and 2025. Likelihood of switching to a self-managed super fund (SMSF) has also remained consistently high, at 23 per cent, 25 per cent and 24 per cent respectively.

In other words, fewer people may have acted, but the reservoir of members open to leaving has not meaningfully shrunk. The battleground has not disappeared; it has simply become less visible.

Average net promoter score improved from 8.2 in 2023 to 11.0 in 2024, then softened to 10.1 in 2025. This could indicate rising member expectations as the superannuation industry evolves. It is not a dramatic collapse, but it underlines a critical point: trust and satisfaction do not automatically convert into advocacy. Members may believe their fund is reliable, legitimate and broadly good value without becoming active promoters of it.

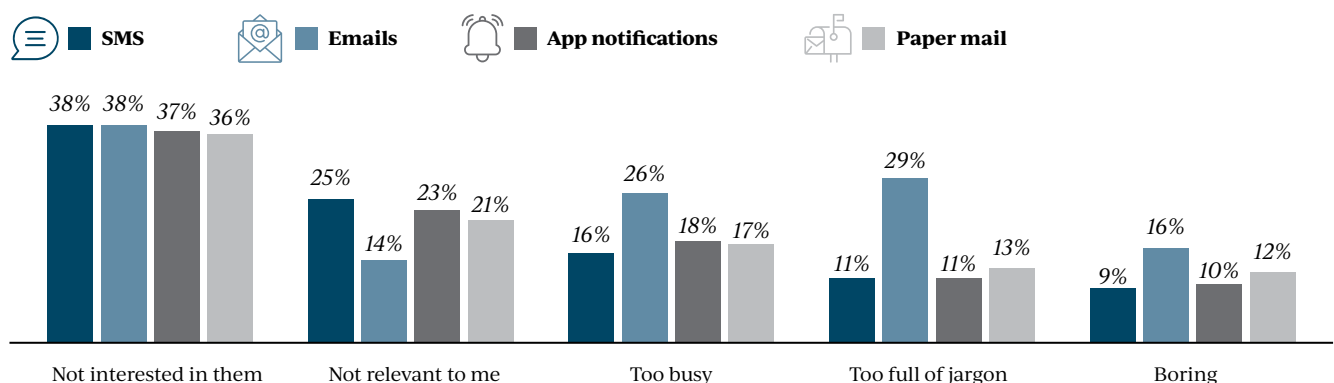
Trust tells a fund it has cleared the credibility hurdle. Advocacy suggests it has gone further – that it has created enough value and clarity for a member to recommend it to others. If advocacy is lagging while trust rises, the likely explanation is that funds are meeting baseline expectations without yet becoming meaningfully useful in members’ lives.

### REACH IS NO ENGAGEMENT

If there is one area where the sector looks outwardly strong, it is communications reach. Email remains the dominant

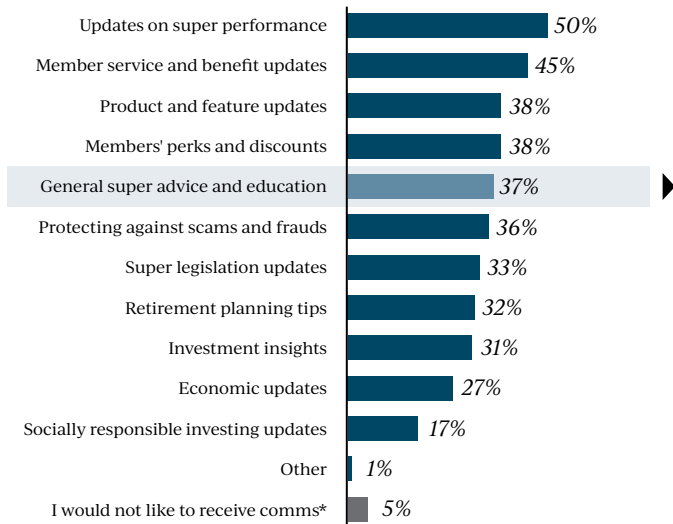
### Reasons for not reading communications by channel

(Among those who have **not** read communications from main fund)



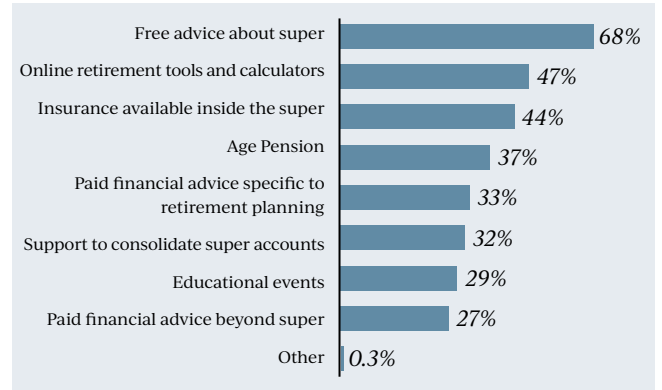
**Preferred communication topics from main fund**

(Among those who have read communications)



**Preferred advice and education in communication**

(Among those who want to receive communications about general super advice and education)



channel by a wide margin, with 82 per cent of members saying they read emails from their fund. Paper mail still has meaningful presence at 43 per cent, while app notifications are read by 42 per cent and SMS by 39 per cent. This is not a market struggling to get messages in front of people.

The trouble is that broad coverage can create a false sense of engagement. The same dataset shows that 31 per cent of members say they do not receive app notifications at all, and 33 per cent say they do not receive SMS communications. Even email, the strongest channel, has a minority (17 per cent) who either do not receive it or do not read it. That points to structural limits around contact details, permissions and opt-in settings – but also to a deeper issue: being able to send a message is not the same as being able to influence behaviour.

What is particularly telling is that satisfaction with communications is consistently high but largely flat. Among members who have read communications, satisfaction sits around 81 per cent for email, 79 per cent for app notifications and SMS and 79 per cent for paper mail. Members are broadly content yet not especially moved. Funds appear to be meeting expectations rather than shaping stronger engagement.

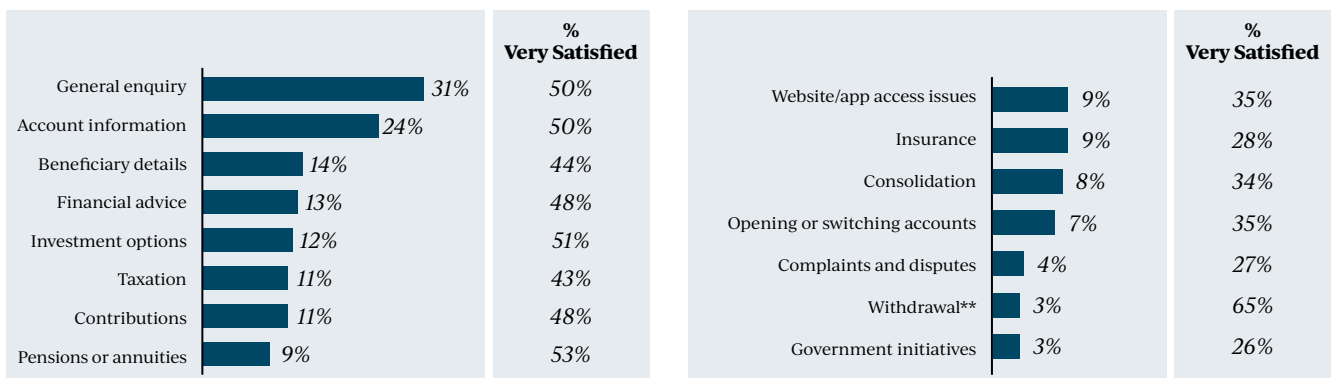
The reasons members give for not reading communications sharpen that point. Across channels, the leading explanations include “not interested in them”, “not relevant to me”, “too busy” and “too full of jargon”. Email performs especially poorly on jargon, with 29 per cent of non-readers citing this as a reason, along with busyness at 26 per cent. Members are tuning out when the message feels generic, overly complex or not worth the effort required to process it.

Digital matters, but not as an end in itself. 73 per cent of members who use any digital service find their fund’s communications effective, compared with 52 per cent of non-digital-service users. Similarly, 81 per cent of digital users are satisfied with their fund, versus 61 per cent of non-digital channel users. Digital capability works when it reduces friction, improves clarity and helps members act.

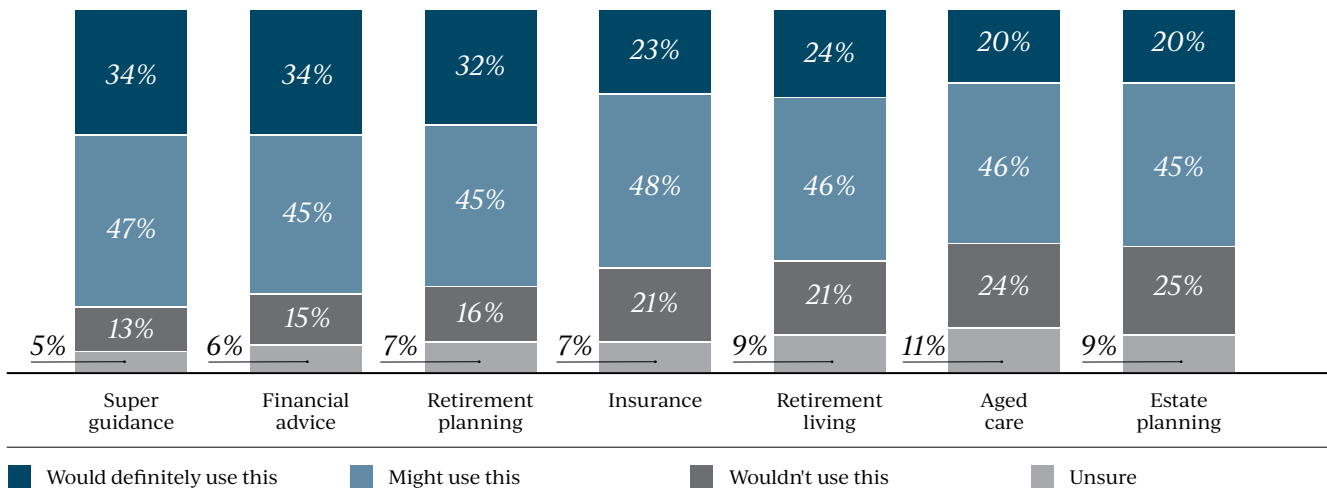
The content preferences are revealing. Among members interested in general super advice and education, 68 per cent say they want free advice about super, well ahead of online retirement tools and calculators at 47 per cent, insurance information at 44 per cent, Age Pension content at 37 per cent and paid retirement-planning advice at 32 per cent.

**Reason for contact and satisfaction with service received**

(Among those who have contacted their main fund in the last 2 years)



**Interest in super fund services**



When asked about preferred communication topics more broadly, the top responses are updates on super performance at 50 per cent, member service and benefit updates at 45 per cent, product and feature updates at 38 per cent and general super advice and education at 37 per cent.

The signal is clear: members do not want more output; they want more help. They want simpler explanations of what is happening to their money, guidance that reduces complexity, and help that feels accessible and easy to use. Funds that continue to treat communications as a broadcast task may preserve reach, but they will miss the deeper opportunity to build confidence.

**SERVICE MOMENTS STILL MAKE OR BREAK TRUST**

Service interactions remain one of the few moments where funds can materially strengthen or erode member trust. The research suggests contact is relatively common and often recent, with most members who have interacted with their fund doing so within the past six months. Members generally report feeling treated with respect and care – a meaningful strength in an industry where many interactions are triggered by uncertainty, stress or administrative complexity.

Most service demand is still routine. The highest-volume contact reasons are general enquiries at 31 per cent and account information at 24 per cent, followed by beneficiary details at 14 per cent, financial advice at 13 per cent and investment options at 12 per cent.

The more revealing story lies in the lower-volume, higher-stakes service journeys. Website or app access issues account for 9 per cent of contact, insurance queries 9 per cent, consolidation 8 per cent and account opening or switching 7 per cent. These are the interactions where satisfaction falls away most noticeably. Insurance stands out with only 28 per cent of members saying they were very satisfied. Complaints and disputes are similar at 27 per cent, while digital access problems produce only around 35 per cent who are very satisfied.

In financial services, complaints are often intensified not simply by the original issue, but by the feeling of being bounced around, left waiting or inadequately informed. Super is no different. Members may tolerate administrative friction in routine matters, but they are far less likely to overlook a poor experience during an insurance claim, a dispute, a consolidation issue or a failed login. These are the

moments when vulnerability is highest, and when trust is either reinforced or seriously undermined.

For funds, the implication is clear. Good service is no longer just about tone; it is about ownership and resolution. Reducing hand-offs, improving follow-up communication, proactively updating members and shortening resolution times are all likely to have greater reputational value than courteous interactions alone.

**THE NEXT COMPETITIVE EDGE IS CONFIDENCE**

Taken together, the findings point to a sector at a crossroads. Australians are broadly satisfied with their fund, but the old foundations of engagement – acceptable service, decent returns, regular communications – no longer guarantee member loyalty. Members increasingly want relevance, control and confidence, particularly at transition points where their arrangements are more likely to be reassessed.

There is also a larger strategic opportunity in the type of role members want funds to play. The appetite for practical help spans retirement planning, aged care, estate planning, insurance and general financial guidance. Around one third of members say they would definitely use services in these areas, and almost half say they might. That is a broad activation pool, and it suggests the next phase of the superannuation industry may be defined less by who can communicate most often and more by who can become most useful when complexity rises.

That is the real lesson in the latest member engagement research. The industry has mastered reach, but it has not yet mastered reassurance. The next era of engagement will not be won on performance alone, and it will not be won by adding more communications to an already crowded environment. It will be won by funds that understand when confidence is fragile, simplify the decisions in front of members and provide guidance that feels timely, human and practical.

For funds, the priority is clear: identify the moments where member confidence is most fragile – transitions, claims, consolidation, retirement planning – and invest in making those moments simpler, faster and better supported. That is where loyalty is genuinely won. In a space where choices are infrequent but consequential, that may be the difference between a member who passively stays and one who actively trusts their fund to guide them. RM

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