Actuaries Institute.

5 September 2025

Superannuation Efficiency and Performance Unit
The Treasury
Langton Crescent
Parkes ACT 2600

Email: retirementreportingframework@treasury.gov.au

Dear Sir/Madam,

Consultation: Retirement Reporting Framework

The Actuaries Institute (**Institute**) welcomes the opportunity to provide feedback on the Treasury Consultation paper '***Retirement Reporting Framework: Increasing transparency for members'*** **(Consultation)**.

The Institute is the peak professional body for actuaries in Australia. Our members work in a wide range of fields, including insurance, superannuation and retirement incomes, banking, enterprise risk management, data science and AI, climate change impacts and government services. The Institute has a longstanding commitment to contribute to public policy discussions where our members have relevant expertise.

The comments made in this submission are guided by the Institute's Public Policy Principles that any policy measures or changes should promote public wellbeing, consider potential impacts on equity, be evidenced-based and support effectively regulated systems.

Support for Intent of Retirement Reporting Framework

The Institute supports Government's primary intent of a Retirement Reporting Framework (**Framework**) to create further data transparency in the retirement phase of superannuation. If structured appropriately into and alongside the Australian Prudential Regulation Authority (**APRA**)'s set of existing data transparency publications on fund offerings, members' outcomes and product investment performance, the Framework will add value by delivering new sector-wide retirement phase metrics that promote the experience of and outcomes for Australians in retirement.

In particular, the Institute supports:

- the five principles adopted by Treasury in considering indicators and metrics for the Framework;
- the Framework considering both the quality of a trustee's offerings and the outcomes for their members;
- the intention that the Framework is not a product performance test with legislated consequences, given the heterogeneity of members' circumstances in retirement;
- further consultation by APRA following Government determination on the metrics as to how APRA will give effect to the collection and publication of the Framework; and
- Framework publications from 2028 to allow time for Government to determine the best metrics and then for orderly implementation.

Overall Feedback on an Effective Framework Design

To make the Framework as effective as possible, we make the following high-level observations.

- Based on the direction proposed in this Consultation, the Framework is likely to provide a level of detail too nuanced and risky for consumers to use in a manner akin to the ATO's YourSuper Comparison Tool for inter-fund and inter-product comparisons. Instead, we consider the Framework more analogous to the Comprehensive Product Performance Package (**CPPP**). Like the CPPP, we caution against the Framework being designed for use as a consumer facing tool. To improve transparency for consumer use, we suggest the focus should be on improving the consistency and comparability of disclosure; for example, standardised definitions and disclosures of key features of retirement income products.
- As recognised in the Consultation, the Government is also delivering on complementary reforms including the development of a new set of voluntary best practice principles for superannuation funds in the retirement phase (**Best Practice Principles**). As these Best Practice Principles are currently subject to consultation and are intended to provide a guidepost for modern, high-quality retirement solutions through superannuation, we would support the Best Practice Principles being finalised first and before further consultation on the Framework.
- As recognised in the Consultation, the Government's proposed Delivering Better Financial Outcomes (**DBFO**) package will likely influence how super funds can enhance member retirement outcomes through initiatives such as enhanced prompts and extended intra-fund advice. We recommend that the Framework only be finalised when the DBFO package is sufficiently confirmed or in place.
- Given the heterogeneity in the composition and membership of superannuation funds, the Framework indicators and metrics will not always be readily comparable between funds. Consequently, we caution against the Framework metrics being used as performance indicators for trustees, given many metrics will differ by a fund's membership characteristics. For example, a superannuation platform fund would likely have some very different metric outcomes to those for an occupation-based industry fund and the holistic interpretation of the metrics will be important. Instead, we support the role and importance of entity-specific regulatory supervision when interpreting and overseeing a trustee's progress on its retirement income strategy.
- While enhanced transparency through the Framework should promote improved member retirement outcomes, it should also seek to balance the cost of metric collection with the value of the information obtained, else there may be an impact to the sustainability of the fees charged to members by trustees. In particular, the Framework's design and implementation should consider existing publicly available information such as data included in other APRA reports or publications. This objective of 'cost and efficiency' could be formally adopted as an additional principle when considering the indicators and metrics for the Framework.
- Some indicators and metrics might be difficult to be both meaningful and practically reportable by trustees. For example, balance utilisation is hard to measure given the timeframe it requires and the complexity arising from Transfer Balance Cap recontribution and rebooting type strategies.[1]

[1] These strategies allow individuals to manage their superannuation more effectively in retirement and generally involve moving superannuation in around the accumulation and retirement phase to maximise tax concessions on retirement phase earnings and benefits paid from superannuation.

We encourage the Government and APRA to consider the option of starting with a more limited set of published metrics for the Framework and to gradually add to the metrics over time.

Supplementary Approach to Framework

The Institute fully supports the Government's desire and welcomes the significant number of initiatives underway to enhance the retirement phase of superannuation. In line with superannuation becoming a more important pillar of Australia's broader retirement income system, we continue to encourage Government to consider the merits of a data-sharing framework across the pillars of the retirement income system. Any data-sharing framework must employ appropriate privacy protection, strong cyber safeguards and involve the necessary release authority from the relevant individual. In particular, there are potentially significant benefits for consumers if relevant individual and household retirement information held by the Australian Taxation Office was shared.

Response to Consultation Questions

The attachment to this letter includes our further feedback on the questions raised in the Consultation.

If you would like to discuss any aspect of this submission, please contact the Institute via (02) 9239 6100 or public_policy@actuaries.asn.au.

Yours sincerely

(Signed) Elayne Grace

CEO

Attachment – Responses to Consultation Questions

Area	Question	Response
Indicators of fund offerings	1. Do the proposed indicators of fund offerings provide meaningful insight into trustee practices in supporting member outcomes in retirement?	Yes, high-level indicators could provide some insight into trustee practices across the sector. However, more detailed indicators can be problematic to interpret, and several may need contextual or APRA supervisory overlay.
	2. Are there other aspects of retirement offerings that are relevant for the measurement of members' retirement outcomes?	Yes, it would be relevant to understand, for example, how trustees are supporting members considering all sources of retirement income, beyond income from superannuation. This includes support for members to apply for the Age Pension or supporting members on their broader retirement income needs, such as with the Aged Care system. Another example highlighting the need for a holistic view is the movement of superannuation between an APRA-regulated fund and a self-managed superannuation fund. However, we recognise it would be difficult to collect this information through the Framework. These aspects may better be observed and monitored through APRA's ongoing supervisory program.
	3. Are there any indicators that should not be included?	***Advice metrics***: Meaningful interpretation of advice metrics will present difficulties. Different funds have different strategies depending on their membership. Some funds rely heavily on advisers whereas others have a significant proportion of their membership that are not likely to seek comprehensive advice. Framework indicators could instead focus on the help, guidance and advice that has been implemented as part of their Retirement Income Strategy. ***Take-up of help, guidance and advice***: We believe it is not meaningful to include take-up indicators at the 'informational' end of the help, guidance and advice spectrum. This includes, for example, the take-up of retirement information such as Product Disclosure Statements (PDSs) and Article reads. The quantity of downloads of PDSs does not measure the effectiveness of these resources given members will only find out about whether the PDSs are useful after they download them. They often form part of a range of help, guidance and advice members receive in making informed retirement decisions, and as such are less likely to be a meaningful determinant of those key decisions. Further, the quantity of download or views will include access by non-member users given they are on the public website. Instead, we suggest focusing on take-up indicators like take-up of webinar, seminar, tools, calculators, advice etc which are more likely to influence key retirement decisions.
	4. Do trustees hold the necessary data in an accessible format to report on these measures? If not, what are the barriers?	This depends on the measures adopted for the Framework. Some will be straightforward, especially high-level 'Yes/No' indicators while others may be more problematic for many superannuation funds. For example, there may be barriers collecting meaningful data relating to advice received by members. While there are indicators trustees use to estimate the usage, there are limitations. For example: • An advice fee deducted from the super account will underestimate the comprehensive advice actually received by members as some of them may have the fee paid outside super.

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		• The linked adviser name recorded by a trustee may be out of date. • Advice can be episodic. A member may have seen an adviser recently but has no intention to obtain further advice until unpredictable and significant life to trigger them to see an adviser again.
	5. Should these indicators evolve over time to reflect changing industry practice and what could be a suitable point to reassess these metrics?	Yes, three years could be a reasonable time frame to reassess and confirm whether any changes are required. This could align with the triennial review for retirement income strategy.
	6. Should there be an indicator measuring the level of proactive engagement funds have with their members on each of these indicators?	We do not think it is feasible for the indicators to measure activity level. It would be too granular and become a reporting burden rather than provide meaningful insights to how member outcomes are being uplifted. It may also not be helpful to report activity to incentivise it, especially if more proactive engagement contributes to members feeling a sense of information overload, and shifts them to disengage with their fund.
	7. How could the Framework measure the success of proactive engagement?	We believe the Framework is the right vehicle to provide relevant indicators and metrics, but not to measure the success of proactive engagement. We suggest success measures are excluded from the Framework and instead form part of a trustee's Business Performance Review reporting under the SPS 515 Member Outcomes Framework.
	8. How should policy makers and industry consider measures of success in fund offerings?	Retirement is personal to the individual. We expect most funds to have a diverse enough membership to justify the need to offer their members a range of flexible product and service solution building blocks including alternative drawdown, access to longevity protection product, intra-fund advice, access to comprehensive advice etc. We support assessing and reporting measures of success in fund offerings remaining as part of the SPS 515 Member Outcomes Framework. Assessments should include forward-looking measures to show projected outcomes implied by the decisions made to date by members.
	9. How should indicators of fund offerings reflect the decisions a trustee has taken to tailor their products to their members?	The key measures, from a fund offering perspective, are the availability and quality of help, guidance and advice service and take-up rates. This will also need to be used together with data about the fund's demographics such as age.

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Members Outcomes Metrics	1. Which metrics are most appropriate to be considered as measures of positive outcomes for members in retirement?	The percentage of members in Account-Based Pension products who are drawing at minimum rates and the percentage of members who are drawing down very aggressively by age are useful metrics. While it easy to measure and compare drawdown rates across funds, careful interpretation is needed when drawing conclusions given different membership characteristics and individual preferences. One of the key objectives stated in the Retirement Income Covenant is to assist members maximise retirement income. Retirees may view the statutory minimum as the "recommended drawdown level" which is not what it was designed for. The goal is not to achieve 0% of members drawing down at the minimum, as there could be legitimate reasons for certain members drawing down at that level. However, there is room for improvement, and the goal is to better understand and potentially increase the proportion of members drawing down at a higher level. At a system level, aggregate drawdown rates could be used to inform whether the system is operating in line with its legislated objective.
	2. Do the proposed metrics provide meaningful insight into member outcomes in retirement?	Some proposed metrics will provide meaningful insight. We highlight the need to consider the proposed metrics in the context of the draft Best Practice Principles For example, one draft principle recommends that trustees undertake regular research and leverage data to improve their understanding of the membership base. This includes analysing members' circumstances, needs, and preferences to inform the design and delivery of retirement income strategies. This approach enables the development of personalisation using customisable solutions and includes offering flexible building blocks of products, services, and tools that members can tailor to their individual functional and emotional needs.
	3. Are there other metrics that are relevant for members' retirement outcomes?	While difficult to incorporate in the Framework, we believe a qualitative measure of retirees' and pre-retirees' retirement confidence/readiness/preparedness levels would be insightful. Direct surveys or research studies could be conducted at the industry level by market research providers and/or conducted by individual funds to obtain specific insights. Confidence or satisfaction type metrics could be measured as part of a trustee's implementation of the SPS 515 Member Outcomes Framework. However, we caution that these metrics should not necessarily be used for direct inter-fund comparison. Forward-looking measures based on projections could also be useful in measuring members' retirement outcomes based on their actual financial decisions relating to investment strategy, drawdown rate and take-up of retirement income products. Some examples include: • Income sustainability metrics that could measure the efficiency of a product solution converting retirement savings into a lifetime income stream. • Actuarial present value of income over the lifetime of a member weighted by survival probability, death benefit weighted by the probability of death etc. • Expected cumulative income received at a future age and expected death benefit received at any given future age.

Area	Question	Response
		These forward-looking measures could be useful in measuring how certain product solutions and strategies could uplift members' retirement outcomes, but the downside is their rigour can make them more resource intensive to produce, are inherently assumption driven (rely on subjectivity and professional judgement) and so are not necessarily comparable across funds.
	4. Are there any metrics that should not be included?	We do not support including measuring balance utilisation over the retirement phase by proportion of balance at death compared to the balance at start of the transition to retirement. Issues include: • Complexity arising from Transfer Balance Cap recontribution and rebooting type strategies. • Historic data retention constraints, exacerbated by successor fund transfers. There is a practical challenge to track balance at start of the transition to retirement given most funds have a data retention policy of 7 to 10 years. • Considering life expectancy at retirement could be 25+ years, the balance at start of transition to retirement would be practically difficult to track. • The balance at death data could be understated especially when members with deteriorating health status prior to death take lump sum withdrawals. Other proposed indicators such as reducing the proportion of members drawing down at the minimum and increasing the average drawdown rate could be used to monitor income maximisation.
	5. Do trustees hold the necessary data in an accessible format to report on these measures? If not, what are the barriers?	Yes, trustees hold the necessary data in an accessible format to report on these measures, except balance utilisation at death called out in our response to Question 4 above.
	6. Should these metrics evolve over time to reflect changing industry practice and what could be a suitable point to reassess these metrics?	Yes, three years could be a reasonable time frame to reassess and confirm whether any changes are required. This could align with the triennial review of the retirement income strategy.
	7. How should policy makers and industry consider measures of success in members' outcomes?	A combination of quantitative measure and qualitative measure would be needed to measure success in members' outcomes. We are supportive of the measure of success in members' outcomes being derived from the proposed indicators that involve reducing the proportion of assets for members aged 65 invested in an accumulation account, reducing the percentage of members in account-based pension who are drawing at minimum rates, increasing the proportion of members/assets take up of innovative retirement income stream products etc.

Area	Question	Response
		As discussed in our response to Question 3, we suggest inclusion of a qualitative measure of retirees and pre-retirees' retirement confidence levels through surveys, or research studies conducted at the industry level and/or conducted by individual funds.
	8. How should metrics of members' outcomes reflect the decisions a trustee has taken to tailor their products to their members?	Metrics such as the members' actual allocation of their balance towards account-based pension and innovative retirement income stream products, their actual investment choice in retirement phase, their actual drawdown rates etc will inform an understanding of nature and extent of the heterogeneity across a superannuation fund. This then informs how trustees tailor their products to their members' needs. Wherever possible trustees should support members to make informed decisions tailored to their needs, rather than making the decision for them based on limited data and ignoring preferences, risk tolerances and family circumstances.
	9. Which contextual and demographic indicators should be incorporated into the Framework to reflect a member's outcomes?	We believe these indicators are best excluded from the Framework. Much of this information is already reported and published by APRA and used by trustees as part of implementing the SPS 515 Member Outcomes Framework.
	10. How else could trustees provide the context of their membership profile when reporting their data?	We believe this should fall outside the Framework, recognising the inherent difficulties in using the Framework for comparative purposes.

Area	Question	Response
Cohorts	1. Should the cohorting practices measures be information-gathering indicators or metrics measuring progress?	Cohorting is a useful analytical tool when applied appropriately, such as to: • Understand the distribution of member characteristics (e.g. account balance, age, marital status, age pension eligibility) • Inform product design and the spectrum of help, guidance, and advice available • Guide communication strategies, marketing campaigns, and product roadmaps • Assess member outcomes and demonstrate benefit uplift across the membership. We see cohort practice measures more as information gathering indicators rather than metrics measuring progress. Beyond the information used by trustee to develop cohorts, it is also important to consider how trustees are using the cohorts. Inappropriate cohorting worsens member outcomes. Some examples include: • Using cohorts to determine rather than guide product allocations for individuals. For example, using account balance alone can be misleading, as it may not reflect a member's total superannuation holdings or household financial situation. • Not making some products available to certain members because of the cohorting conducted. For instance, assuming low-balance members do not need lifetime products ignores the diversity of member preferences, risk tolerances, and family circumstances. • Recommending financial solutions to individuals based solely on cohorting. Even if this approach did not risk breaching the anti-hawking prohibition, it is less effective than guiding members toward personalised advice solutions.
	2. Should trustees report all metrics based on their unique cohorts or a standardised set developed in consultation with industry?	If we try to arrive at a standardised cohorting approach across the industry by incorporating all dimensions used across funds, we will likely end up with personalisation and an unmanageable number of cohorts for reporting purposes. If instead the standardised set of cohorts is over-simplified, it risks becoming meaningless because of the diversity of fund situations. Nevertheless, we recognise the lack of comparability from the Framework reporting all metrics based on a fund's unique cohorts. The decision here may go to the heart of the Framework's purpose, as we see difficulties in using the Framework for inter-fund comparability.
	3. What other measures could be considered to reflect a trustee's cohorting practises?	We disagree with the suggested metric of measuring the number of cohorts – this is not useful. As set out above, the cohorting approach itself rather than the number of cohorts could be appropriate or inappropriate. An alternative measure could focus on measuring how trustees are using cohorts to support the implementation of their retirement income strategies.