

The Cooper Review

What is the Cooper Review?

The Cooper Review was initiated in 2009 to help deal with the challenge Australia is facing with having an ageing population. It was also established that the current superannuation system assumes that all members want to engage and make choices when it comes to their superannuation.

The review extensively examined the governance, efficiency, structure and operation of Australia's superannuation system. The proposed recommendations have been made to try and enhance Australia's world class retirement savings system and give Australians' more confidence to be engaged as much or as little as they want with their super.

The Government has suggested support for most items and will make a formal response later this year. Two of the major reforms which have been highly regarded by the Government are MySuper and SuperStream. It is important to note that these are currently only proposals and may change prior to being legislated.

MySuper

This is a product Cooper has recommended to be implemented to replace current default funds. It is to be a simple, low cost product aimed to be suitable for the majority of members.

Essentially MySuper would become the automatic default investment strategy for members who don't choose a fund.

Its key features are:

- » A single investment option
- » No entry fees; exit fees only to cover costs
- » Ban on hidden fees
- » Ban on commissions
- » Funds will be required to deliver value for money – or will lose their license.
- » Death and TPD insurance will be automatic but can be cancelled at any time
- » A default post-retirement product

What this means for you

The intention of MySuper is to reduce fees by up to 40% and to increase retirement incomes of all Australians. It has been suggested, if it goes ahead, it will lift final superannuation balances by around \$40,000 or 7% after 37 years in the work force.

Whether this is realistic and achievable is still a matter for debate.

Little change will come about for those of you already a member of WALGSP as we already operate on low fees and no commissions and run only to profit our members.

Who can have a MySuper account?

If implemented, anyone will be able to elect to have funds paid into their MySuper account but it will not be compulsory.

A member will be able to opt out of MySuper to another choice of fund at anytime if they wish.

SuperStream

To help bring the back-office of superannuation into the 21st Century, the Cooper Review has recommended a package of measures.

Its key features are:

- » Using industry wide standards to improve the quality of data when members enter the system
- » Electronic Funds Transfer for all participants
- » Straight-through processing
- » Better use of technology to replace paper
- » Extending the use of the TFN as an identifier through the system.
- » Redundant processes to be eliminated, which will make it simpler to rollover and consolidate accounts.

What this means for you

The intention of SuperStream is to help make the super system more efficient which will lead to lower costs and better services to members.

In order to do this from 1st July 2011, Tax File Numbers (TFN) will become the primary identifier of

Would like more information?

For the latest news and information regarding the Cooper Review visit our news section located on our website:
<http://www.walgsp.com.au/About-Us/News.aspx>.

Alternatively for more detailed information on the review or to read the complete report visit:
www.supersystemreview.com.au.

member accounts. This will be subject to strict conditions to ensure privacy and security of information.

Using TFN's will also help members to find lost accounts and reduces the chance of losing their super in the future.

Increase use of better technology could also increase retirement savings as contributions would enter the system more quickly and efficiently which means you will start earning returns sooner.

What this means for Employers

If SuperStream is implemented it may require you to do things a little bit differently but could also make your life easier by reducing your administration load.

Employers will be encouraged to provide more accurate employee data including TFNs which will help to reduce lost accounts & pay contributions electronically.

WALGSP will be introducing an electronic lodgement system for employers to make all super contributions, regardless of fund, in one upload.

Ongoing support will be provided to help you through any new processes that may be implemented.