

Media Release

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In its first submission since being set up in January 2020 the new research body, The Conexus Institute, has contributed a range of research-based findings to the Retirement Income Review. The Conexus Institute melds leading research from academia and industry. The submission showcases the complexity of Australia's retirement system and identifies that consumers, who bear many of these complex financial risks, receive poor financial guidance, adversely impacting their confidence and decision-making. Further, the submission observes that a clear retirement system objective and improved assessment techniques would greatly improve system outcomes. The primary findings are detailed briefly below.

1. Most consumers receive poor financial guidance

Australia's retirement system is complex with many interacting components. Consumers bear many risks to their financial retirement outcome. With specialised financial advice inaccessible to many, the role of financial guidance (information provided by super funds and retirement calculators) is critical. Unfortunately, the quality of this guidance experience is generally poor. This can only reduce confidence for retirees and contribute to poor financial decisions.

2. Without a clear retirement system objective, it remains difficult for policymakers and industry

The retirement system is complex with many interacting components. It applies to households which vary greatly in structure and circumstance. Without a clear objective for the retirement system it is difficult to coordinate effective policy. A clear retirement system objective could then inform the design of an objective specifically for superannuation, and provide greater clarity for industry. Clear objectives enable better research and analysis and improve policy transparency and accountability.

3. Adequacy assessment techniques need to improve by considering the range and certainty of outcomes

Much assessment of the adequacy of projected retirement outcomes is based on expected outcomes under certain assumptions. There are many sources of uncertainty and in Australia's retirement system much of the uncertainty is borne by the consumer. What may at first appear an adequate retirement outcome assessed on the basis of expected outcomes may entail unacceptable probabilities of poor outcomes. Assessment techniques need to improve and policy design needs to incorporate threshold levels of certainty.

4. The Conexus Institute makes no recommendation on the appropriate level of SG

The SG (Superannuation Guarantee) debate is part of a broader discussion of retirement income policy. SG is one of many policy levers impacting retirement outcomes, others being age pension, taxes, subsidies and assistance programs. It is sub-optimal to look at one lever in isolation. There is a need to be cognisant of the whole-of-life impacts of retirement savings policy: how much lifestyle is appropriate for consumers to forgo in their working years to fund retirement?

The full submission can be downloaded [here](#).

David Bell commented:

- “With the difficulties faced by the financial advice sector, the role of financial guidance (information and calculators provided by super funds and other services) is crucial. Unfortunately, many consumers experience poor quality, if any, guidance. This impacts their confidence in retirement and their financial decision-making.”
- “Such a complex system, with many interacting components, would benefit greatly from a clear objective. It would be a great step forward if Government led the way to the creation of an objective for the retirement income system.”

About The Conexus Institute

The Conexus Institute was established to be a catalyst for positive change to Australia's retirement system. The Institute will look to help join the dots between industry, academia, regulators and policymakers. The Institute focuses on ensuring that high quality research has impact.

The Institute is funded by Conexus Financial and the philanthropic activities of Conexus Financial CEO Colin Tate, who as chair will support the Institute's executive director David Bell.