



16 December 2020

Manager
Retirement Income Policy Division
Treasury

Parkes ACT 2600

Email: superannuation@treasury.gov.au

Dear Sir/Madam,

SMSF ASSOCIATION SUBMISSION ON YOUR FUTURE, YOUR SUPER PACKAGE

The SMSF Association welcomes the opportunity to provide a submission on the Government's Your Future, Your Super package. We support measures which are designed to make the superannuation system deliver better outcomes for members.

We have limited this submission to the Best Financial Interests Duty as this change specifically affects the SMSF sector.

However, we note our support for the single default account framework. It is important that multiple superannuation accounts are not created every time an individual changes job. We await the regulations which define a 'stapled fund', noting that in almost all cases an SMSF will be declared a 'chosen' fund when an individual has one.

Best Financial Interests Duty

The SMSF Association supports the intent of the amendments that increase the accountability of superannuation trustees in relation to the execution of their fiduciary duties.

Superannuation fund trustees undertake decisions such as investment allocations and operational expenses. In doing so, they must act under the premise of the sole purpose test. This test requires the fund to be maintained for the sole purpose of providing retirement benefits to members, or their dependants if a member dies before retirement.

SMSFs are a unique superannuation structure in that the trustees of the SMSF are also the members of the fund. Therefore, the decisions they make are influenced by self interest in ensuring that they as trustees are directly benefiting as members.

Consequently, we have no issues with increasing the S52B covenant to reference the best *financial* interests of members. We believe SMSF members already follow this principle and the amendment should have no adverse impact on their behaviour. Additionally, this covenant will strengthen the application of the sole purpose test.



If you have any questions about our submission, please do not hesitate in contacting us.

Yours sincerely,

A handwritten signature in black ink, appearing to be 'Peter Burgess'.

Peter Burgess
Deputy CEO/Director of Policy and Education
SMSF Association

ABOUT THE SMSF ASSOCIATION

The SMSF Association is the peak body representing SMSF sector which is comprised of over 1.1 million SMSF members who have more than \$700 billion of funds under management and a diverse range of financial professionals servicing SMSFs. The SMSF Association continues to build integrity through professional and education standards for advisors and education standards for trustees. The SMSF Association consists of professional members, principally accountants, auditors, lawyers, financial planners and other professionals such as tax professionals and actuaries. Additionally, the SMSF Association represents SMSF trustee members and provides them access to independent education materials to assist them in the running of their SMSF.