

SUBMISSION ON POLICY ISSUES RAISED IN ROUND 5

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Submission for: My Self

Name of other person, business or organisation:

Do you agree to your submission being published: Yes

Do you agree to your full name being published: Yes

Your submission:

Royal Commission I wish to make 4 policy recommendations regarding superannuation. I am 19 years old, I have been working in casual employment for just under a year and currently have a zero balance in my superannuation account with [REDACTED]. The first policy recommendation relates to the documentation I signed upon joining my superannuation fund. The second relates to Administration Fees charged. The third relates to the deductions for casual workers on a low income. The fourth relates to help for people joining a superannuation fund for the first time. 1) Documentation When I joined my superannuation fund, one question in the documentation was, "Increase Death and TPD Assist by 50%", to which I answered "No". I did not see anywhere else in the documentation that I was given the choice to be excluded completely from these payments. So I was very surprised when I received an email last week from the fund requesting that I put more money in to my account, in order to avoid having my insurance premiums "cancelled". When I checked my [REDACTED] statement, I found insurance payments for Death and TPD being deducted from my account each month, with each Death and TPD premiums averaging around \$4 per month being taken out. In total, \$74.63 in insurance premiums has been deducted from my account. Clearly, a default setting had been applied. I thought I had opted out of these payments, but instead I had apparently indicated I did not want to have my cover increased above the default setting. Policy Recommendations: - Questions in the documentation should not be misleading; - The documentation should provide a clear way to opt out of Death and Total Disability Payments; and - Superannuation funds should not be allowed to ask you for more money to pay premiums when you have a zero balance. 2) Administration Fees Administration fees of \$1.50 have been applied to my account every month. I asked the superannuation fund how much money they had made for me on, my contribution of 9.5% of my wages for almost a year, and the answer was 24 cents. The administration fees are totally out of proportion to the benefit I am receiving. Policy Recommendation - Flat rate/inappropriate administration fees should not be allowed to be charged on low balance accounts. 3) Deductions for casual workers I am happy to save my money in a superannuation account for when I am old and no longer working, but I do not wish, at this stage, to donate 9.5% of my wages to a superannuation fund which does not benefit me at all. How are casual workers on a low income ever to get ahead? The superannuation fund tells me I will benefit once I earn "a substantial income". I think I need this portion of my wages more than others who benefit from my money in the fund, ie fund holders with a substantial income or people who work for the fund. Policy Recommendation - Superannuation deductions should not be compulsory for casual workers on a low income. 4) First-timers As superannuation is compulsory and most people get a job and must start contributing whilst young, learning how to choose a fund, what to look for in the fund and how to read the documentation is overwhelming. I live and work away from home so sometimes find it difficult to get good guidance. It's very easy to just go with the employer's suggestion without knowing how to check if that suits you. Policy Recommendation - Could there be some go-to help centre, which could give really simple/basic help for first timers? Somewhere where questions could actually be answered and no question is silly. Questions like where can I get a list of funds? What are the main differences between them? What types of things should I be looking for to choose a fund which suits me? What are the usual things you can opt into or out of in funds? Also, advice could be given, like check your statements regularly, and where to go if you think something is not right with your contributions. Thank you, Scott