5 September 2025

Shibani Iyer
Director, Superannuation Efficiency and Performance Unit
The Treasury
Langton Crescent
PARKES ACT 2600

By email: retirementreportingframework@treasury.gov.au

Dear Ms Iyer

Retirement Reporting Framework: Increasing transparency for members

The Council of Australian Life Insurers ('CALI') welcomes the Government's continued commitment to reforming and improving the retirement phase of superannuation to help deliver a more dignified retirement for more Australians.

CALI is pleased to make this submission in response to Treasury's consultation *Retirement Reporting Framework: Increasing transparency for members*. Our responses to Treasury's detailed consultation questions are outlined in Annexures A, B and C.

Australia's life insurers play a central role in insuring lifetime income products and provide capital and global expertise to support an innovative retirement market in Australia. Our response to this consultation reflects the important role of life insurers as partners to superannuation funds and their members.

CALI's response

Purpose of the Retirement Reporting Framework

Members should have access to the information they need to make informed choices about their futures.

CALI supports the creation of further transparency and continuous improvement in the retirement phase of superannuation through the establishment of the Retirement Reporting Framework ('the Framework'). Australians are living longer and are spending more time in retirement. With five million people currently in retirement, or preparing to retire, it's clear that there is a significant demographic change and longevity risk facing our nation.

The need to boost retirement-phase outcomes for Australians was noted in the Federal Government's response to the 2023-24 'Superannuation in retirement' consultation which called for better retirement products through 'targeted improvements to the existing innovative income stream regulations'.[1]

Australia's life insurers stand ready to help. CALI continues to advocate for more Australians to have access to quality advice that supports them to make informed financial decisions during their working lives, and to manage their finances in retirement.

Our members can play a greater role in protecting Australians' financial security beyond their working lives with longevity products that offer a more reliable and stable retirement income.

Principles of the Framework

CALI emphasises the importance of the following two principles in the development of the Framework:

1. Alignment with broader retirement and advice reforms; and
2. Proportionality, flexibility and simplification.

Alignment with broader retirement and advice reforms

The Framework, and the related best practice principles for superannuation retirement income solutions, ought to be integrated and align with broader retirement and advice reforms including the Government's *Delivering Better Financial Outcomes* ('DBFO') package, and the Australian Prudential Regulation Authority's proposed changes to capital settings for annuities.

CALI continues to advocate for the complete and timely delivery of the full DBFO package, and amendments to the capital settings for annuities. In tandem, the limiting effects of a shrinking risk and longevity advice market, and restrictive capital settings for annuities, hold back the development of the accessible, vibrant and diverse market for longevity products that will support fund members in achieving the quality retirement outcomes envisaged by the Government.

Proportionality, flexibility and simplification

CALI supports a holistic approach to retirement reporting that reflects diversity of both fund offerings and member needs.

To avoid a one-size-fits-all approach and support a level playing field, the Framework ought to be designed in a way that encourages funds to tailor their reporting to their membership profiles with flexibility in cohort definitions and product mix disclosures. A reporting structure that is scalable and adaptable to different fund sizes and member demographics will best support the realisation of the objectives of the Framework. The structure should also ensure that reporting from super funds and their partners, such as insurers, is streamlined and avoids duplication.

[1] Improving the retirement phase of superannuation

About CALI

CALI is the leading voice of life insurance in Australia. We support Australians to make informed choices about their future and help them live in a healthy, confident and secure way over their lifetime.

Our members' products and services give people peace of mind when making important decisions and provide a financial safety net during life's biggest challenges.

We advocate for national policy settings that expand Australians' access to the life insurance protection that suits them when they need it most.

CALI represents all life insurers and reinsurers in Australia. The Australian life insurance industry is today a $26.4 billion industry, employing thousands of Australians and paying billions of dollars of benefits each year.

For more information, visit www.cali.org.au

CALI welcomes discussion on the matters raised in this submission. Should you have any queries, please contact Luke Hyde (General Manager, Policy) at luke.hyde@cali.org.au

Kind regards

Christine Cupitt
Chief Executive Officer
Council of Australian Life Insurers

Annexure A – Indicators of fund offerings

Consultation questions

1. Do the proposed indicators of fund offerings provide meaningful insight into trustee practices in supporting member outcomes in retirement?

   The proposed indicators of fund offerings broadly provide meaningful insight into trustee practices supporting member outcomes in retirement.

   CALI recommends that drawdown metrics be available by member age (average and median preferably).

   In addition, having both lump sum and income drawdown percentages reported by average balance would be useful.

   To enable members to better understand offerings across longevity products, it would be important for the indicators to differentiate between pooled, insured and guaranteed options, and explain what these options mean.

   Advice metrics will provide meaningful insight but reporting should consider the varied nature of the relationships between funds and advisers, particularly for referred comprehensive advice.

2. Are there other aspects of retirement offerings that are relevant for the measurement of members' retirement outcomes?

   CALI recommends that the Framework reports on the type of other retirement solutions offered. For example, how many risk profiles for the account-based pension ('ABP') are used.

   Additionally, CALI recommends that the reporting includes insights into the management of inflation risk, either by an explicit inflation hedge option or long-term real returns.

5. Should these indicators evolve over time to reflect changing industry practice and what could be a suitable point to reassess these metrics?

   Yes. The Framework is intended to support continuous improvement and greater transparency in the retirement phase. As industry practice and product offerings evolve and innovate over time, it is important that the indicators keep pace with developments to ensure their ongoing efficacy.

   CALI recommends an initial review after a period of three years to enable reassessment of the metrics with the benefit of the completion of several reporting cycles.

6. Should there be an indicator measuring the level of proactive engagement funds have with their members on each of these indicators?

   CALI broadly supports this proposal, however, the approach to measuring proactive engagement may vary from fund to fund and the Framework ought to recognise this.

9. How should indicators of fund offerings reflect the decisions a trustee has taken to tailor their products to their members?

   This indicator may be best served by the reporting of different solutions provided or recommended broken down by cohort.

Annexure B – Member outcomes metrics

Consultation questions

1. Which metrics are most appropriate to be considered as measures of positive outcomes for members in retirement?

   CALI considers the measurement of member take-up of retirement solutions to be a strong indicator of positive member outcomes. Additionally, measurement of assets for members aged over 65 in accumulation is also a useful engagement measure.

2. Do the proposed metrics provide meaningful insight into member outcomes in retirement?

   CALI considers the proposed metrics to provide meaningful insight into member outcomes in retirement.

3. Are there other metrics that are relevant for members' retirement outcomes?

   Treasury may wish to consider the inclusion of the following metrics:

   - The number of members, and their ages, at the time at which their ABP runs out; and
   - Where longevity productions are chosen, the percentage that are inflation protected

   CALI notes that one of the key principles for member outcomes is income stability over time, however, there does not appear to be a clear metric in support of this principle. CALI recommends the inclusion of a measure of volatility of annual income or returns to achieve the objective of this principle.

4. Are there any metrics that should not be included?

   CALI recommends that projections based on average or fixed returns not be included as they could misleading if they only project average outcomes and do not consider the range of possible outcomes.

   With respect to the balance utilisation metric, applying it in the context of ABP only can be potentially misleading noting that an individual may have also acquired a longevity product, and noting that an individual may have reversionary beneficiaries or a bequest motive.

   CALI submits this metric may have limited value as it does not appear to consider amounts contributed to lifetime income products.

   Similarly, we note a level of complexity regarding the "sophisticated alternative" version of the metric discussed where current values of assets are disclosed around the state of amounts pooled within the fund in a separate reserve or where assets are transferred over to a third-party life insurer.

   In the early stages of product development and implementation, it is not clear whether this is something that would be disclosed in public as it can be potentially misleading to the membership. Depending on product structure, the member may not actually have access to the underlying assets.

5. Do trustees hold the necessary data in an accessible format to report on these measures? If not, what are the barriers?

   CALI understands that most of the data necessary for the reporting of these metrics will be reasonably available to trustees, however, requirements for projections and modelling (such as for balance utilisation) can create a barrier.

6. Should these metrics evolve over time to reflect changing industry practice and what could be a suitable point to reassess these metrics?

   Yes. The Framework is intended to support continuous improvement and greater transparency in the retirement phase. As industry practice and product offerings evolve and innovate over time, it is important that the indicators keep pace with developments to ensure their ongoing efficacy.

   CALI recommends an initial review after a period of three years.

7. How should policy makers and industry consider measures of success in members' outcomes?

   Success in delivering positive member outcomes will largely be indicated by the achievement of alignment with the Retirement Income Covenant ('RIC'):

   - maximising retirement income
   - managing the risks to the sustainability and stability of retirement income, including:
     - longevity risk
     - investment risks, including sequencing risk
     - inflation risk
   - providing flexible access to expected funds

   When the metrics indicate that members are maximising their retirement income while also managing risks and providing flexibility, it will indicate that the industry has achieved its goals.

8. How should metrics of members' outcomes reflect the decisions a trustee has taken to tailor their products to their members?

   A key indicator of trustee decision making being reflected in member outcomes could be seen in a comparison between what the fund recommends for cohorts and member take-up of those options.

9. Which contextual and demographic indicators should be incorporated into the Framework to reflect a member's outcomes?

   CALI recommends this be managed at a fund level.

Annexure C – Cohorts

Consultation questions

1. Should the cohorting practices measures be information-gathering indicators or metrics measuring progress?

   CALI recommends that cohorting practices be seen as information-gathering indicators instead of metrics measuring progress.

2. Should trustees report all metrics based on their unique cohorts or a standardised set developed in consultation with industry?

   CALI recommends that reporting of metrics be based on unique, trustee-defined cohorts. If a trustee has many cohorts, it might be sensible to report only on representative cohorts.

3. What other measures could be considered to reflect a trustee's cohorting practices? For funds with a small number of cohorts, reporting on a recommended mix of products could provide useful comparisons.