

18 September 2025

Director, Retirement Income and Adequacy Unit  
The Treasury  
Langton Crescent  
PARKES ACT 2600

By email: [retirement@treasury.gov.au](mailto:retirement@treasury.gov.au)

Dear Director

**Guidance on best practice principles for superannuation retirement income solutions**

The Council of Australian Life Insurers ('CALI') is pleased to make this submission in response to Treasury's consultation *Guidance on best practice principles* ('the Principles') for *superannuation retirement income solutions*.

### Recommendations

1. To enable trustees to deliver modern, high quality retirement income solutions for superannuation fund members, the Principles and the Retirement Reporting Framework ('the Framework') need to align with the broader retirement and advice reform agenda including the Government's Delivering Better Financial Outcomes ('DBFO') package and the Australian Prudential Regulation Authority's ('APRA') review of capital standards for longevity products;
2. The Principles should explicitly recognise the central role of life insurance products in supporting high quality retirement outcomes through the management of longevity risk;
3. The Principles, although voluntary, should be designed with an emphasis on proportionality, flexibility and simplification;
4. To support sophisticated cohorting and the provision of tailored retirement solutions to members, Government should facilitate information-flows of member-level data between funds and government agencies; and
5. The Principles should more clearly articulate the distinction between pooled, guaranteed and insured lifetime income products.

## CALI's response

High quality retirement outcomes are coming into critical focus as Australia's population ages and looks beyond the accumulation phase of superannuation. Australia's life insurers stand ready to support this important demographic shift.

Our submission notes the following:

1. Longevity risk is the key risk facing retirees, and the protection life insurers provide through lifetime income products is proven to support members to maximise their retirement assets and enjoy high standards of living in retirement without the fear and uncertainty of outliving their savings.
2. Insured lifetime income products support funds to meet the requirements of the Retirement Income Covenant ('RIC') by ensuring members have access to a range of products and strategies that meet their retirement needs.
3. Life insurers offer funds and their members domestic and global risk transfer expertise, capacity and prudential strength.
4. The Principles will be most effective when implemented in alignment with, among other reforms, DBFO, the Framework, APRA's review of capital standards for longevity products, the RIC and improved member-level data sharing protocols.

This submission is intended to be read in conjunction with our [submission](#) to Treasury dated 5 September 2025 in relation to the Framework. It is made on a non-confidential basis.

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](mailto:luke.hyde@cali.org.au)

Kind regards



Christine Cupitt  
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Council of Australian Life Insurers

## About the Council of Australian Life Insurers (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](http://www.cali.org.au)

## Submission

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

The need to support high quality retirement outcomes is a national priority. Over 5 million superannuation accounts are currently above the preservation age of 60, 250,000 Australians are retiring every year, and 3.9 million are expected to enter retirement over the next decade.<sup>1</sup>

The Principles and Framework will substantially support the Government's objectives for better outcomes in retirement, however, the long-term success and sustainability of those outcomes will be contingent, firstly, on improving the affordability and accessibility of financial advice for all Australians and, secondly, the delivery of the modernised capital settings that will enable the development of an accessible, vibrant and diverse market for the longevity and lifetime income products that our members provide.

Our key recommendation, therefore, while not in the scope of this consultation, is for Government to continue to prioritise the full and timely delivery of the full DBFO package, and for APRA to finalise its review of the capital settings for longevity and lifetime income products.

In tandem, both reforms will ensure that members will have access to a thriving marketplace for longevity and lifetime income products underpinned by affordable and accessible advice.

To simplify the member transition from the accumulation phase into retirement, the Principles should consider options for members to purchase longevity and lifetime income products, and any other suitable retirement products, in advance of entering retirement.

To further assist members in managing risks in retirement and achieving balanced retirement solutions, the Principles should recognise the critical role of life insurers in providing external

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<sup>1</sup> [APRA Corporate Plan 2025-2026](http://APRA Corporate Plan 2025-2026), 2025.

risk transfer, backed by mature and prudentially regulated global capital and reinsurance capacity, through the provision of insured longevity and lifetime income products.

Longevity risk is the most significant risk facing members and one of the leading drivers of underutilisation of superannuation assets in retirement.<sup>2</sup> Despite the implementation of the RIC, it is evident that many members continue to experience lower standards of living than necessary by not making the most of their superannuation assets in retirement.

Longevity and lifetime income products support members to manage the risk, and corresponding fear and uncertainty, of outliving their savings by providing an income for the remainder of their lives, irrespective of how long they live. Globally, the role of life insurers in providing longevity risk protection products is well established and insurance providers have substantial expertise in efficiently pricing and managing longevity risk.

By supporting trustees to offer and integrate a broad range of insurance offerings, such as longevity and lifetime income products, into their retirement income strategies for members, the Principles will enable trustees to construct retirement income solutions that meet member retirement income needs.

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

Consistent with our submission to Treasury on 5 September 2025, to avoid a one-size-fits-all approach and to support a level playing field, CALI recommends that the Principles and Framework be designed and implemented in a manner that enables funds to tailor the strategies, offerings and reporting to their membership profiles.

The structure of both the Principles and the Framework should also ensure that any obligations on funds and their partners, such as life insurers, are streamlined, efficient and avoid duplication in processes or reporting.

### **Purpose of the Principles**

CALI supports the purpose of the Principles.

In response to **question 1**, the Principles should support innovation by encouraging greater alignment between funds and insurers, particularly in relation to product design and member engagement, for lifetime income solutions backed by insurance.

In response to **question 3**, CALI supports the inclusion of a guaranteed lifetime income stream as an option to ensure funds can provide a source of stable income for members (as best practice, this should include both market-linked and CPI-linked lifetime income stream options).

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<sup>2</sup> [Treasury Retirement Income Review](#), 2020, page 432.

CALI also recommends:

- explicit recognition in the Principles of the role of insurance in supporting high quality retirement outcomes; and
- introducing greater flexibility in cohorting definitions and product mix disclosures to enable trustees to provide offerings tailored to their specific demographics.

### **Understanding the customer base**

The ability of funds to offer an appropriate suite of products and services to members is predicated on having access to good quality data to inform an understanding of a fund's membership base.

In this regard, and in response to **question 8**, CALI recommends that, with member consent, the Government should facilitate access to member-level information held by agencies such as the Australian Taxation Office, the Department of Social Services, and Services Australia.

Facilitating member data information flows between agencies and funds would minimise duplication, improve efficiency, and enable the informed design of cohorts, in turn supporting trustees to offer increasingly sophisticated and tailored solutions to their membership demographics.

### **Increasing access to retirement income products and options**

CALI's considers the Principles to broadly cover the relevant issues relating to product construction and settings with reference to the RIC.

In response to **question 9**, CALI recommends that the Principles should:

- recognise that lifetime income product settings should reflect member preferences regarding expected risk and return, and stability of income;
- acknowledge the role of lifetime income products in improving retirement living standards by providing confidence to members to spend in retirement knowing they will have an income for life, irrespective of how long they live;
- acknowledge the interaction between account-based pension ('ABP') and lifetime income settings in balancing flexibility and longevity while maximising income for members; and
- encourage more efficient utilisation of Trustee-Designed Drawdown pathways that are more sophisticated and consider integrated product settings between lifetime income and ABPs to enable higher living standards in retirement.

In response to **question 10**, CALI notes that trustees can construct products and settings supporting both trustee-designed and member-tailored solutions, particularly with the support of specialist providers.

The ability to construct both trustee-designed and member-tailored solutions is fundamental to providing more confidence to members in taking up retirement income solutions while also supporting choice to meet diverse member needs.

Many members benefit from trustee-designed solutions either as a ready-to-go solution or as a starting point for members to tailor settings specific for them. We expect higher engaged

members and members with higher balances will benefit from greater flexibility, including advice that responds to their personal circumstances

### **Effectively communicating with members**

In CALI's view, the biggest barriers funds face in effectively communicating with members are not related to fund practices or capabilities. Rather, it is the lack of affordable and accessible advice, and the structures to support the delivery of such advice, that is preventing members from having access to the information they need to make informed decisions about their retirement.

To support funds in achieving the high quality retirement outcomes contemplated by the RIC, the Principles and the Framework, it is essential that members have access to quality financial advice.

This includes:

- the delivery of the full DBFO package including the establishment of a New Class of Adviser and modernised best interests duty, enabling funds, life insurers and financial advice firms to provide simple financial advice to members on their retirement options;
- enhancing the availability of information, guidance and advice to members on retirement products and options, throughout key life stages and not just when they retire;
- enabling funds to 'nudge' members towards retirement products that better suit their circumstances;
- ensuring key touchpoints assist members to navigate the full breadth of the retirement ecosystem (including their eligibility for the Age Pension); and
- providing simple and effective disclosure and comparison tools to support choice and competition in the market.