

## **Government ticks the right boxes on FSI report**

20 October 2015

The Government has made the right policy decisions on superannuation in response to the Financial System Inquiry.

They should lead to a stronger and better managed superannuation system.

SMSF Owners agrees that the objectives of superannuation should be legislated so that policy decisions are made within a broadly agreed framework on the purpose of superannuation. (Recommendation 9)

We agree the market for comprehensive retirement income stream products needs to be developed. As noted in the FSI Report, these products should not apply to self-managed funds as the trustees and members of the fund are one and the same. (Recommendation 11)

SMSF Owners supports the Government's moves to improve the governance of managed funds, including its current legislation to require one third of the directors of trustee companies to be independent. (Recommendation 13).

The proposal that retirement income projections should be shown on members' account statements is a practical way of increasing people's engagement with their retirement savings so they are more aware of the money they have to live on in retirement. (Recommendation 37)

We see merit in establishing an independent body to raise the competency of financial advisers. Many SMSF trustees rely on financial advisers. (Recommendation 25)

The decision to continue to allow self-managed funds to borrow is sensible. While borrowing carries some risk, it is not of the scale that justifies banning it and the Government's decision to monitor the situation over the next three years is an appropriate response. (Recommendation 8)

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