TOP ISSUES FOR CONSIDERATION IN POINT FORM 1. Smart defaults are a great idea but it is essentially MySuper lifecycle for insurance and no one is going to sign up to that voluntarily given the premium impact. 2. APRA does not do any enforcement activity against trustees where they see erosion or inappropriate designs or lack of benchmarking so why would trustees pay any attention to reforms? 3. Vertical integration can be dealt with by forcing trustees to be independent – get trustees out of the ivory tower and be accountable for insurance policies and investment agreements. This means making trustees benchmark and change provider to an unrelated party where its better for members. a. In retail funds, meaningful change is not possible where there is a profit hit, do you really think a multi-million dollar policy on a flagship super product with thousands of members built up over 20 years is going to go to tender? b. Trustee boards are not as important as the actual board of a bank parent - independence of trustee board members means nothing when the board itself is not independent of the parent (i.e. a subsidiary board). 4. The next big media issue is erosion – there needs to be more guidance as to what cost of cover is excessive and high penalties payable (by Fund Administrator or board members not the fund). The penalty needs to be high enough to force trustee boards to insist on benchmarking and benefit design change despite the objections of their banking exec overlords. 5. Flipping is banned in relation to admin fees but not insurance – MySuper members can still be flipped to a new insurance policy with a massive increase in premiums (thousands more per year in premiums) 6. Industry funds, to the chagrin of retail funds, really are the gold standard of performance because they will force their service providers to be competitive. You just cant do that where it is not commercial to lower premiums or reduce cover.

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