



Australian Government  
The Treasury



# Retirement Reporting Framework: Increasing transparency for members

Consultation paper

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# Consultation Process

## Request for feedback and comments

Interested stakeholders are invited to comment on the issues raised in this paper by **5 September 2025**. Submissions may be lodged electronically, linked below. For accessibility reasons, please submit responses via a Word, PDF or RTF format.

Submissions may be shared with other Commonwealth agencies where necessary. All information (including name and address details) contained in submissions may be made publicly available on the Australian Treasury website unless you indicate that you would like all or part of your submission to remain in confidence. Automatically generated confidentiality statements in emails are not sufficient for this purpose.

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Enquiries	Enquiries can be initially directed to the director of the Superannuation Efficiency and Performance Unit at <a href="mailto:retirementreportingframework@treasury.gov.au">retirementreportingframework@treasury.gov.au</a> .
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## Executive Summary

The Government is committed to reforming the retirement phase of superannuation so the system delivers a better retirement for more Australians. These reforms are about improving choice and empowering Australians to make the most of their retirement as they live longer and healthier lives.

The Retirement Reporting Framework (the Framework) canvassed in this paper will create further transparency in the retirement phase of superannuation with annual publications on fund offerings and members' outcomes. Improved transparency will help drive continuous improvement across the super sector in the retirement phase, as well as helping retirees and those approaching retirement make informed decisions about how they manage their super.

The Framework will require Registrable Superannuation Entity Licensees (trustees) to report on a series of indicators on their products, services and offerings, as well as metrics on their members' behaviour, to understand how trustees are driving improved retirement outcomes.

This paper is seeking views to inform the Government's selection of the indicators and metrics that will create a meaningful reporting framework that will ultimately help drive transparency and improved retirement outcomes. It is important that there is as much of a focus from trustees on retirement outcomes for their members as there has been on high investment returns in the accumulation phase.

Once the Government has determined the metrics to be published, the Australian Prudential Regulation Authority (APRA) will undertake consultation on how to give effect to the collection and publication of these indicators and metrics.

Over annual publications from 2028 onwards, the Framework will measure industry progress at building their understanding of retired members, motivate continued innovation in retirement income solutions, and drive uplifts in member outcomes in the retirement phase of superannuation. This paper outlines the current retirement landscape, the proposed principles of the Framework, and the proposed indicators and metrics.

## Background

With 2.5 million Australians expected to retire in the next decade, the effectiveness of the superannuation system in transitioning members from the accumulation phase to delivering a retirement income is an increasingly important question for members, industry and the Government. The legislated objective of superannuation is to preserve savings to deliver **income** for a dignified retirement, alongside government support, in an equitable and sustainable way. A big part of this is ensuring Australian's feel equipped to use the retirement savings they have accumulated in the way that works best for them.

In December 2023, the Government released the *Superannuation in Retirement*<sup>1</sup> discussion paper which sought feedback on the opportunities, barriers and challenges to improving the retirement outcomes of members – including the best way to inform consumers of what outcomes they might receive in retirement from different funds and products. In response to the *Superannuation in Retirement* discussion paper, the Government is delivering four complementary reforms:

- **Enhanced independent guidance:** With expanded resources and tools on the Moneysmart website. The updates, to be made by the Australian Securities and Investments Commission (ASIC) will allow retirees easy access to reliable information and general guidance on superannuation and retirement options.

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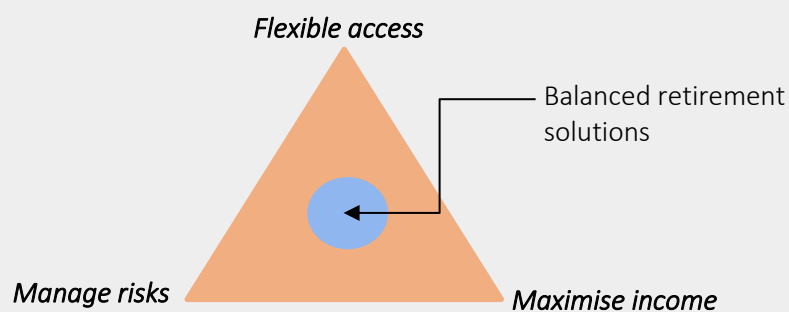
<sup>1</sup> *Superannuation in Retirement*, Treasury, December 2023.

- **Better retirement products:** By improving the innovative income stream regulations. The reforms will support innovation in quality retirement products, giving members more options that meet their needs and helping them make the most of their super.
- **Best practice principles:** A new set of voluntary best practice principles will guide the superannuation industry in designing modern, high-quality solutions that support Australians' financial security in retirement.
- **Increased transparency:** A new **Retirement Reporting Framework** will build upon the Retirement Income Covenant and ensure greater transparency for member outcomes across the retirement phase of superannuation.

## The current retirement phase landscape

Legislated in 2022, the Retirement Income Covenant (the Covenant) creates a positive obligation for trustees to assist members who are currently in or approaching retirement. It requires trustees to develop, publish, implement, and regularly review a Retirement Income Strategy (RIS), balancing between three objectives: maximising expected retirement income, managing expected risks, and maintaining flexible access to funds during retirement (Figure 1). The Covenant provides trustees with the flexibility to decide how best to develop and deliver solutions to enable their members to achieve an optimal retirement outcome by balancing between the three components.

Figure 1: The objectives of the retirement income covenant



While progress has been made following the introduction of the Covenant, it is clear from the implementation reviews that consistent reporting and transparency measures are necessary to ensure trustees are delivering against the Covenant and driving improvement in member retirement outcomes.

In 2023, ASIC and APRA undertook a joint thematic review on a sample of trustees to look at how they have been implementing the Covenant.<sup>2</sup> The review found that the majority of trustees lacked metrics to assess their members' retirement outcomes and lacked urgency in embracing the intent of the Covenant. ASIC and APRA's 2024 July Pulse Check found that trustees are inadequately tracking the success of their strategies and highlighted the need for further improvement and metrics for measurable success in the provision of retirement services from trustees, Government and regulators.<sup>3</sup> In November 2024, the Government tasked APRA and ASIC to undertake a further Pulse

<sup>2</sup> *Information report - Implementation of the retirement income covenant: Findings from the joint APRA and ASIC thematic review*, APRA ASIC 2023.

<sup>3</sup> *Industry update - Pulse check on retirement income covenant implementation*, APRA 2024.

Check by the end of 2025, which alongside this consultation process, will inform the design of the Framework.

The Government is also making changes to the financial advice landscape through the Delivering Better Financial Outcomes (DBFO) package, in response to the recommendations of the Quality of Advice Review final report that was provided to Government on 16 December 2022. Whilst the Government acknowledges the policy space is a changing landscape, measures of intra-fund and comprehensive advice are included in the proposed indicators and metrics to ensure that the quality of services in the retirement phase can be measured over time.

## Purpose of a Retirement Reporting Framework

The Framework will measure industry progress in the retirement phase of superannuation, and drive uplift in member outcomes through greater transparency for members. It will report on fund offerings and member outcomes for individual trustees, as well as at an industry level. The Framework will develop a point-in-time snapshot of industry's ability to design retirement income solutions that will balance between the components of the Covenant.

Over time, the Framework will measure trustees' progress to build upon their understanding of their members and assist their members to meet their retirement income needs. Industry will benefit from the Framework as it will create a common understanding of the elements of support trustees should be considering for their retired and retiring members, and enable trustees to track their progress within the sector.

The Framework will sit alongside the Covenant's principles-based obligations and the new requirements introduced in Prudential Standard SPS 515: Strategic Planning and Member Outcomes (which commenced on 1 January 2025). Importantly, the Framework is not a performance test and as such, there will be no legislated consequences associated with any level of performance. Rather, the Framework will be an important tool to help drive engagement with the retirement phase, similar to the Australian Taxation Office's YourSuper comparison tool, ASIC's Moneysmart website and APRA's Comprehensive Product Performance Package for the accumulation phase.

The Framework will require trustees to provide data to APRA based on set of prescribed metrics and indicators that consider both the *quality* of a trustees' offerings and the *outcomes* for their members in retirement. Descriptive statistics, such as age, gender and account balance which are already reported to APRA, will assist the Framework to contextualise a trustee's results with the demographics of a trustee's membership.

### Principles

In considering indicators and metrics for the Framework, Treasury has adopted the following principles:

1. Where practicable, indicators and metrics should leverage information that trustees should have ready access to;
2. Indicators and metrics should have consistent interpretation across trustees and leverage APRA definitions where appropriate;

3. The Framework should use indicators to provide insight into the offerings, products and services made available to members approaching or in retirement;
4. The Framework should be limited to those metrics that provide meaningful insight into member outcomes and experiences in the retirement phase of superannuation; and
5. Where possible, metrics should also be increasing/decreasing to reflect a direction of progress for the outcome.

## Indicators of fund offerings

A key purpose of the Framework is to provide transparency across industry on the products and services available to members in the retirement phase and how trustees are evolving their offerings to meet their members' unique retirement income needs. While members will have varying levels of engagement and understanding about superannuation and retirement, and as such will make different decisions about their needs, trustees guide members through the decision-making process through their product offerings and services.

Consistent with the Covenant's three objectives, it should not be expected that every trustee offers every offering measured in the indicators, nor should the Framework incentivise overservicing by the industry. The indicators of retirement offerings will provide insights on how trustees are implementing their understanding of their members' retirement needs and are not linked to a benchmark or measure of success. It is also important to recognise that the profile of members can vary across funds and as such, funds will be able to provide context around the indicators.

### Detailed indicators for measuring fund offerings

1. Indicator: Provides options for drawdowns other than minimum drawdown rates (MDR) for account-based pensions (ABP)


#### Purpose

A member's decision on the level of income they seek to draw from an ABP is a key determinant of their retirement outcomes, particularly how they maximise their income in a sustainable manner. While legislated MDR set out the minimum for receiving tax free earnings, factors such as lifestyle needs and preferences are also relevant to working out the most appropriate drawdown strategy to maximise income in a sustainable way. As such, trustees would be able to help members make informed choices about their drawdown options by providing them with access to information and guidance on alternative drawdown rates.

#### How would this work?

A simple indicator could include a 'Yes'/'No' response on whether trustees offer their members a drawdown option that is different from the MDR within their ABPs. However, it is assumed all funds would be offering more than the legislated MDR so there may not be value in such a simple indicator.

A more comprehensive approach could ask funds about the nature and amount of their recommended drawdown rates they provide members beyond the MDR.



In order for a trustee to be recognised as offering an option that differs from the MDR for an ABP, trustees would need to include information on that option in an easy-to-access format on their website, outlined in their retirement income strategies and incorporated into their application process for an ABP. Free choice without supporting guidance of drawdown amount or percentage would not be considered as providing an alternative drawdown option.

There may be merit in understanding if trustees proactively prompt members to consider alternative drawdown rates and we would be keen for views on the feasibility of this, particularly if it is possible before the introduction of targeted superannuation prompts as part of the Delivering Better Financial Outcomes second tranche.

It may not be in the members' best interest to move to an alternative drawdown pathway. Therefore, there is merit in collecting further demographic data, such as the superannuation balance and age bands, to contextualise the indicator and understand how trustees are tailoring their services to meet their members' needs.

While offering a drawdown pathway is a useful feature, ultimately, it is member choice that determines their outcomes in retirement. As such, the indicator on the offering of alternative drawdown rates should also be accompanied by metrics on the extent to which members are drawing income for ABPs above the MDR. This is considered further at *Measuring member outcomes*.

## 2. Indicator: Has a longevity protection product or offers through a third-party provider

### Purpose

Members must manage longevity risk, the risk that they outlive their savings, over the course of their retirement, alongside other risks such as inflation. ABPs rely on members self-insuring for this risk through their rate of consumption of their superannuation balance. Members may find it challenging to optimise their retirement outcomes given the difficulties of estimating their future expenditure needs and life expectancies. Longevity protection products could in some cases significantly reduce a member's longevity risk as well as the potential to increase Age Pension eligibility, under income and asset test concessions which apply in some cases where a person has an annuity.

### How would this work?

A simplified approach would include a 'Yes'/'No' response on whether a trustee offers a longevity protection product themselves or offers third party longevity solutions to their members.

This could be accompanied by an indicator on the types of longevity protections products offered, selected from a list (e.g. pooling products, capital guaranteed products etc.). Further data may need to be collected to understand which members are offered the longevity protection products. Further consideration will be needed to understand how to collect data for trustees that offer a product through a partner or secondary service.

While understanding longevity protection products offerings is useful for measuring industry progress, ultimately it is member choice that determines their outcomes in retirement. As such, the indicator should also be accompanied by metrics on member uptake of longevity protection products by member and assets. This is considered further at *Measuring member outcomes*.

### 3. Indicator: Offering and take-up of intra-fund advice to members

#### Purpose

Providing members with personalised information on issues relevant to their interest in the trustee can assist in more confident and informed decision making.

While trustees are currently limited by the extent to which they can provide intra-fund advice on matters related to a member's retirement by the legislative settings in the *Superannuation Industry (Supervision) Act 1993*, the Government is currently pursuing amendments to collective charging rules to support the provision of greater intra-fund advice to members.

#### How would this work?

A simplified approach would ask for a 'Yes'/'No' response on whether an entity offers an intra-fund advice service that covers guidance on navigating the retirement phase. In practice, this indicator provides limited insights to members and industry and may not meet the threshold of the principles outlined above.

A more sophisticated indicator would measure the take-up rate of intra-fund advice<sup>4</sup> in the reporting period on retirement related advice topics, presented as a percentage against the trustee's membership in or approaching retirement. As a calculation, the proportion could be the number of members over the age of 50 who sought retirement advice via the intra-fund offering during the reporting period, divided by the number of members over the age of 50. This would provide more meaningful information on the extent to which a trustee's membership base is receiving information on their superannuation and retirement interests. Where a trustee does not offer intra-fund advice in line with their priorities outlined in the RIS, this would be reported as 'nil.'

Ideally, trustees would be able to sort advice by simplified subject matter and report only those matters that relate to retirement. Treasury seeks stakeholder comment on the feasibility of this metric with current reporting arrangements. This metric could potentially be simplified with a percentage of the take-up of advice by members aged 65 and older compared to the trustee's cohort.

Similarly to metric 1, there may also be merit in understanding if trustees proactively prompt members over a certain age to seek advice and if this leads to greater take-up.

### 4. Indicator: Offers and take up or referrals of members for comprehensive advice

#### Purpose

While intra-fund advice provides useful guidance for members on their interest in the trustee, it will be more appropriate for some members to receive more comprehensive advice about their circumstances and retirement planning. Trustees may choose to offer comprehensive advice to their members, either through in-house arrangements or a third-party provider. Alternatively, trustees may suggest that members seek their own financial adviser independently of the trustee. These choices are for the trustee to make, either in regard to the needs of their members, their legal obligations and business operations.

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<sup>4</sup> Counted as a unique enquiry (excludes duplicate enquiries regarding the same matter).

## How would this work?

A simplified approach would ask a 'Yes'/'No' response to whether an entity offers a comprehensive advice service, either in-house or through third party arrangements, that provides guidance on navigating the retirement phase. In practice, this indicator provides limited insights to members and industry and may not meet the threshold of principles outlined above.

A more sophisticated metric would measure the take-up rate of comprehensive advice in the reporting period on retirement related advice topics, presented as a percentage against the trustee's membership in or approaching retirement age. As a calculation, the proportion could be the number of members over the age of 50 who sought retirement advice via the comprehensive offering during the reporting period, divided by the number of members over the age of 50. This would provide more meaningful information on the extent to which a trustee's membership base is seeking and receiving advice on their broader circumstances and retirement planning. Where a trustee does not offer comprehensive advice, this would be reported as 'nil.'

It may not be appropriate for trustees to offer comprehensive advice across their membership, so there is merit to collecting further contextual data, such as the superannuation balance, to understand how trustees are tailoring their services to meet their members' needs.

5. Additionally, it may be valuable to understand the extent to which trustees proactively engage with members approaching or at retirement to prompt them toward comprehensive advice. Indicator: Utilisation of retirement information and tools

## Purpose

To provide insights into the effectiveness of resources aimed at educating members on retirement issues, supporting decision making about their income needs in retirement. Whilst members make these choices for themselves, trustees may anchor a member's choice by including details on the breadth of choices available to them, and assist members in their transition to retirement with the use of tools and calculators to make informed choices.

## How would this work?

This could be measured through the number of unique users accessing tools and resources such as Product Disclosure Statements (PDS) for retirement products and calculators in a financial year. This would need to be considered relative to the trustee's total membership base, to understand how effective the resources are at engaging members. Options to measure this indicator include take-up by information type (e.g. PDS, articles, calculators etc.), take-up by member type (e.g. accumulation member, pension member etc) or by age group / balance bands or by average time spent viewing materials. However, there may be varying levels of availability of this data and difficulties in understanding views as a proportion of a trustee's member base which may require alternative options to measure this indicator.

There may be further benefits to understanding the utilisation of tools and guidance that are only available to a trustee's membership base. This indicator may be more insightful to understand the use of tools, such as retirement income calculators, which are only accessible to members that have accessed advice.

More broadly, this metric seeks to establish a response rate to trustees' proactive engagement such as education tools and outreach campaigns. Practically, it may be difficult to compare and to measure the success of different proactive engagements. Further ideas to measure member engagement and the subsequent uplift in outcomes are welcome.

## Consultation questions

1. Do the proposed indicators of fund offerings provide meaningful insight into trustee practices in supporting member outcomes in retirement?
2. Are there other aspects of retirement offerings that are relevant for the measurement of members' retirement outcomes?
3. Are there any indicators that should not be included?
4. Do trustees hold the necessary data in an accessible format to report on these measures? If not, what are the barriers?
5. Should these indicators evolve over time to reflect changing industry practice and what could be a suitable point to reassess these metrics?
6. Should there be an indicator measuring the level of proactive engagement funds have with their members on each of these indicators?
7. How could the Framework measure the success of proactive engagement?
8. How should policy makers and industry consider measures of success in fund offerings?
9. How should indicators of fund offerings reflect the decisions a trustee has taken to tailor their products to their members?

## Members Outcomes Metrics

While indicators of fund offerings will help industry and members gain insights into the ways trustees are providing members with the retirement solutions they need, measures of outcomes would seek to quantify the actual outcomes being delivered to members.

Whilst members will make choices for themselves, trustees create the decision-making environment that supports members to make informed choices to meet their retirement income needs. Measures of outcomes will monitor how effectively trustees are supporting members into solutions that meet their needs and measure the direction of progress for the selected metrics by providing benchmarks. Further indicators on the investment performance of retirement products have not been included in the proposed Framework. However, they could be leveraged in further iterations of the Framework.

In principle, measures of outcomes should consider:

1. The extent to which members are drawing down their assets over the course of retirement.
2. The extent to which a member's income is meeting their expenditure requirements.
3. The degree to which that income is stable over time.

## Detailed metrics of member outcomes

### Measures of income and balance utilisation

#### 1. Metric: Take-up of retirement products

##### **Purpose**

To measure the conversion rate of eligible members from accumulation phase into retirement phase products to ensure members are optimising their superannuation savings.

While moving into retirement phase will not be appropriate for all members who are eligible, the extent to which a trustee's membership is in the retirement phase provides insights into how effectively members are understanding their own retirement as well as how effective their decision-making is.

##### **How would this work**

A simple way could be to measure the proportion of members who do not have any retirement products. This could be calculated by the number of members over 65 (or have met another retirement-related condition) who only have an accumulation account, compared to the number of accounts for members over the age of 65.

Another way to construct this metric would be to measure the proportion of assets which are held in retirement products compared to overall assets held by members over 65 or who have met another retirement-related condition of release. This ratio would consist of assets held by members aged 65 and over in a retirement phase product in the numerator and assets held by members aged 65 and over in the denominator. It is important to note that the effectiveness of this metric would be limited by the Transfer Balance Cap constraining the amount of assets that could be transferred into the retirement phase. Nonetheless, this metric could be compared with the proportion of the trustee's members eligible for retirement phase products to get a sense of the trustee's effectiveness in transitioning their members to retirement products.

Furthermore, to measure the effectiveness of a trustee's RIS to transition members into retirement, it may be useful to also measure the take-up for members who met a retirement condition within the reporting period. This may allow for further insights into the data considering the relative lag in reporting.


#### 2. Metric: Account-based pension drawdown rates

##### **Purpose**

To quantify the extent to which a member's superannuation balance is being converted into income for retirement and ensure trustees are providing solutions that meet their members' needs.

##### **How would this work?**

Drawdown rates could be considered in a range of ways and particular consideration will be given to contextualising this metric with respect to a member's age and balance. One approach would be to report the median and average drawdown rate for members with an ABP, by age groups and balance bands.



This could be supplemented by a metric that reports on the percentage of members in ABP who are drawing down at minimum rates. The calculation method could be by individual age, age groups or superannuation account balance bands. It is appropriate to benchmark this metric against the MDR per age group.

Additionally, to measure the conversion rate of new retirees, a metric could consider the drawdown rate elected for new ABPs opened within the reporting period and the proportion of new pension accounts opened with the minimum drawdown rate. To further evaluate the effective take-up of new trustee offerings, the metric could be accompanied by a metric on the proportion of members who changed their drawdown rate within the reporting period.

An alternative, simplified metric to help understand this behaviour is to only report on the proportion of members drawing at the minimum rate by balance bands. In practice, this indicator provides limited insights to members and industry and may not meet the threshold of principles outlined above.

### 3. Metric: Balance Utilisation

#### **Purpose**

Measuring balance utilisation over the course of members' retirement provides insights into how effectively superannuation assets were converted into income to support members' living standards in retirement, consistent with the objective of superannuation.

Complementing the drawdown rate metric, this data will demonstrate how trustees are adapting their offerings to different cohorts, and ensuring that replacement rates are being considered in the development of retirement products.

#### **How would this work?**

Balance utilisation would use the balance at the time of notification of a member's death as a numerator and the member's starting balance when entering an account-based pension as a denominator to derive a percentage value of the balance that was utilised over the course of retirement. Timing is an important factor in data accuracy for this measure, as trustees will pay out death benefits in the period following notification of a death of a member. It is important that balances are measured at a point prior to any payment action having been taken by the trustee to avoid under-reporting of balances.

There are several complexities associated with this metric and factors that are beyond the control of trustees. Firstly, members may have a reversionary beneficiary or a dependent who they have nominated to inherit the balance of their account.

Secondly, the period of retirement, investment returns, and age at death affect the likely rate of utilisation of a member's balance.

Thirdly, it is impractical for trustees to report balance utilisation on a member basis. Reporting will need to aggregate results to a cohort, balance or age group level.

Lastly, this is a long-term metric that is a lagging indicator of trustee practice in implementing retirement income solutions for their members. It may not reflect current trustee retirement income strategies or product offerings.

#### 4. Metric: Take-up of longevity protection products and ABPs

##### **Purpose**

To measure the take-up of longevity protection products, and to understand how trustees have designed retirement solutions with their product offerings. Members must manage longevity risk over the course of their retirement. ABPs rely on members self-insuring for this risk through their rate of consumption of their superannuation balance. Members may find it challenging to optimise their retirement outcomes given the difficulties of estimating their future expenditure needs and life expectations. Longevity protection products could significantly reduce a member's longevity risk and has potential to increase Age Pension eligibility. Longevity protection products could also help members to manage other risks such as inflation and investment risks.

##### **How would this work?**

In measures of offerings above, there would be an indicator on the offering of longevity protection products.


This metric would look at the take-up rate of longevity protection products by a trustees' retirement age membership base. This could be calculated on an individual or trustee asset basis. For simplicity, the proportion of retirement phase assets invested in longevity protection products may provide the most instructive information. Additionally, to understand the impact of a trustee's RIS on members in the transition to retirement, the metrics could consider the members who have reached retirement eligibility within the reporting period. For example, the metric could consider the amount, proportion of assets and/or members of new investment into longevity protection products, for all members and assets moving into retirement during that period.

A sophisticated alternative metric could be the proportion of members who hold both a longevity protection product and an ABP, and the proportion of assets invested in the longevity protection product relative to those in the ABP. Noting trustees may not always have visibility of the amount of current assets held within longevity protection products, and can only see the assets within the trustee (i.e. not any ABPs the member may have with other trustees), the applicability of this indicator should be further discussed.

Where a trustee refers members to a third-party provider outside the trustee for any longevity protection products, these amounts will be unable to be reported accurately, and may fail to take into account assets invested in a third-party arrangement. It may therefore be appropriate to include both a measure of whether a trustee offers an arrangement and the take-up rate of longevity protection products to reflect the range of circumstances across the market.

##### **Consultation questions:**

1. Which metrics are most appropriate to be considered as measures of positive outcomes for members in retirement?
2. Do the proposed metrics provide meaningful insight into member outcomes in retirement?
3. Are there other metrics that are relevant for members' retirement outcomes?
4. Are there any metrics that should not be included?

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5. Do trustees hold the necessary data in an accessible format to report on these measures? If not, what are the barriers?
  6. Should these metrics evolve over time to reflect changing industry practice and what could be a suitable point to reassess these metrics?
  7. How should policy makers and industry consider measures of success in members' outcomes?
  8. How should metrics of members' outcomes reflect the decisions a trustee has taken to tailor their products to their members?
  9. Which contextual and demographic indicators should be incorporated into the Framework to reflect a member's outcomes?
  10. How else could trustees provide the context of their membership profile when reporting their data?

## Cohorts

A framework that seeks to measure member outcomes in retirement will need to have regard to differences across and within a trustee's membership base to understand how the trustee's retirement income strategy is tailored to their demographics. The Covenant requires trustees to determine their members who are at or are approaching retirement. Trustees may group their members into cohorts based on relevant characteristics. These may include (but are not limited to) factors such as:

1. Likely Age Pension eligibility status;
2. Account balance; and
3. Age and demographic.

Some of the metrics described in *Measuring member outcomes* could most meaningfully be reported at a cohort level, rather than at a whole of fund level. Treasury is seeking comment on the ability of trustees to report data at a cohort level and the value of this level of reporting in contextualising individual results and differences between members within a fund.

Given the importance of cohorting practices in driving retirement income strategy design and retirement income solutions offered to members, there could be value in encouraging further trustee cohorting practices to deliver better tailored retirement income solutions and better outcomes for members. Some indicators/metrics are proposed below.

## Measuring cohorting practices

### 1. Metric: Number of cohorts

#### **Purpose**

Provides an indication of the level of segmentation across its membership base that a trustee considers is reasonable in designing retirement income solutions that meet the needs of a particular membership segments.

#### **How would it work**

This could be reported as a single figure that reflects the number of cohorts for whom a trustee has tailored retirement income solutions. In developing these, trustees may identify a large group of potential cohorts – by considering factors such as gender, housing status, superannuation balance, risk appetite etc. What is relevant for member outcomes is not the number of sub-classes identified by the trustee, but rather the number of sub-classes that the trustee considers it is appropriate to offer a different tailored retirement income solution to. This should be the basis of reporting for the framework.

Measuring the number of cohorts could carry the risk that trustees may perceive that more cohorts are 'preferable'. This risk could be managed by trustees developing cohorts that meaningfully reflect the need for different retirement income solutions for members in different circumstances. It is expected that each trustee will have a different number of member cohorts, reflecting the characteristics of their members.

While information on the number of cohorts identified by trustees is instructive, the quality of the analysis and design that informs cohorting practice is the more meaningful consideration for member outcomes. This is considered below.

### 2. Metric: Information used to develop cohorts

#### **Purpose**

To ensure the quality of trustee cohorting practices by looking at the range and quality of information sources used to inform member cohorts.

#### **How would it work**

Trustees may develop a list of information sources and analysis that inform cohort design. This could include high quality deidentified data from the Australian Bureau of Statistics Survey of Income and Housing, Survey of Retirement and Retirement Intentions, member data collected through interactions with the trustee, and member survey data amongst other sources.

While this metric would provide an indication of the level of information that the trustee gathers in developing its cohorts, it has a limited ability to predict how those data sources are transformed for cohorting purposes or the quality of analysis that the trustee overlays in considering the needs of their members when designing retirement income solutions for their cohorts.



## Consultation Questions

1. Should the cohorting practices measures be information-gathering indicators or metrics measuring progress?
2. Should trustees report all metrics based on their unique cohorts or a standardised set developed in consultation with industry?
4. What other measures could be considered to reflect a trustee's cohorting practises?

## Appendix A

Table 1: Summary of fund offering indicators

Ref	Indicator	Basis	Options
1	Trustee provides options for drawdowns other than the minimum drawdown rate.	Trustees provide members with an alternative drawdown rate that may better meet their needs. This can assist with anchoring and more informed member choices.	The nature and amount of the drawdown rate.
2	Trustee offers access to a longevity protection product indicated by Yes/ No.	This metric indicates whether the trustee offers longevity protection products to significantly reduce a member's longevity risk.	Types of longevity protection products offered.
3	Trustee offers of intra-fund advice to members indicated by Yes/No.	This metric provides an indication of whether trustees are providing access to tailored information on issues relevant to their members interest in the trustee and assisting them to be more confident and informed decision makers.	Take-up of intra-fund advice in a financial or calendar year by advice topic, indicated by the percentage of the fund's total membership or N/A.
4	Trustee offers or refers members for comprehensive advice indicated by Yes/No.	This metric provides an indication of whether members can access more comprehensive advice about their circumstances and retirement planning.	Take-up of comprehensive advice in a financial or calendar year separated out by topic indicated by a percentage of the trustee's total membership
5	Take-up of retirement information/ guidance indicated by the percentage of unique users accessing tools and resources such as Product Disclosure Statements and calculators in a financial year, relative to trustee's membership base.	This metric provides insights into the effectiveness of resources aimed at educating members on retirement issues and to support decision making about their retirement income needs.	Take-up by information type (e.g. PDS, articles, calculators, etc.) Take-up by member type (e.g. accumulation member, pension member) or by age group / balance bands Average time spent viewing materials.

Table 2: Summary list of member outcomes metrics

Ref	Metric	Basis	Options
1	Proportion of assets for members aged 65 and over, invested in retirement products relative to all assets held by members aged 65	This metric provides insights into how effectively members are understanding their own retirement as well as how effective their decision-making is.	<p>Proportion of assets for members aged 65 and over, invested in retirement products relative to all assets held by members aged 65.</p> <p>For members who become eligible for retirement in the reporting period, the proportion invested in retirement products.</p> <p>Proportion of members at retirement age who only have an accumulation account.</p>
2	Median and average drawdown rates for members with an Account Based Pension by age.	The purpose of this metric is to quantify the extent to which a member's superannuation balance is being converted into income for retirement.	<p>Median and average drawdown rates for members with an Account Based Pension by age. This could be benchmarked against the MDR by age group.</p> <p>Percentage of members in Account Based Pensions who are drawing at minimum rates by age.</p> <p>The average drawdown rate elected for new applicants for an ABP by age.</p> <p>For members who have changed their drawdown rate in the reporting period, the average drawdown rate selected by age group.</p>
3	Balance utilisation over the retirement phase by proportion of balance at death compared to the balance at start of the	The purpose of this metric is to provide insights into how effectively superannuation assets were converted into income to support members' living standards in retirement.	<p>Average balance utilisation rate by cohort, entry balance band or age group level.</p> <p>The balance utilisation rate is calculated by the percentage of a member's balance at death,</p>

Ref	Metric	Basis	Options
	transition to retirement.		compared to their starting balance when entering an account-based, reported by cohort, balance or age group level.
4	The extent to which members are using longevity protection products.	The purpose of this metric is to understand the extent to which members are utilising longevity protection products to manage risks.	<p>Take up of longevity protection products as a proportion of members or assets.</p> <p>Take-up of longevity protection products by members who have transitioned to the retirement phase in the reporting period by members or assets.</p> <p>For members with longevity protection products, the average proportion of assets that are invested in longevity protection products, compared to an ABP.</p>
5	Number of cohorts used to design retirement income solutions indicated by the number of cohorts for whom a trustee has tailored retirement income solutions.	The purpose of this metric is to indicate the level of segmentation across its membership base that a trustee considers is reasonable in designing retirement income solutions for, to meet their needs.	Trustees would report on the number of cohorts.
6	Information used by trustees to develop cohorts indicated by a list of information sources used to inform cohort design.	The purpose of this metric is to understand the quality of trustee cohorting practices by looking at the range and quality of information sources used to inform member cohort design.	<p>Trustees would report on the information sources they used to create their cohorts, such as surveys, ABS data and through member engagement.</p> <p>This metric could include a free text option for trustees to explain their cohorting methodology.</p>

## Glossary of terms

**Account-based pensions (ABP):** A product that is subject to minimum drawdown rules to receive exempt current pension income status and which allows flexible access to capital.

**Cohort:** A classification of members in a superannuation fund who share similar characteristics relevant to determining a retirement income solution, such as account balance and age. All members in or approaching retirement should be in a cohort.

**Drawdown pathway:** Settings chosen for an account-based pension product that determine the rate and amount of money drawn as an income stream.

**Lifecycle strategy:** Strategies that reduce investment risk as people age, by weighting their portfolios towards more defensive asset allocations over time. This may be used to manage sequence of return or market risks.

**Longevity income product:** A financial product which provides a member with a regular income over their lifetime or nominated period in retirement. Products could include features such as: regular payments that are fixed; indexation of payments with inflation or on investment performance; adjustments to payments for mortality experience of a pool of members; or other relevant factors.

**Longevity risk:** The risk of a person outliving their savings.

**Members outcome framework:** A suite of prudential frameworks designed to strengthen RSE licensees' strategic and business planning practices and assessment of performance, with a focus on enhancing member outcomes (SPS515, SPG515 and SPG516).

**Minimum drawdown rate (MDR):** The minimum legislated amount that must be withdrawn from a superannuation account when it is in the retirement phase in order to receive tax-free treatment. It's a percentage of the starting balance on 1 July of the current financial year and depends on the member's age.


**Objective of superannuation:** The legislated objective of superannuation is: 'to preserve savings to deliver income for a dignified retirement, alongside Government support, in an equitable and sustainable way.'

**Products (retirement):** The financial products offered by a trustee that are not in the accumulation phase and are designed to pay superannuation income streams in the retirement phase as defined in section 307.80 of the *Income Tax Assessment Act 1997*. Examples include lifetime income products and account-based pensions.

**Retirement income:** Income during retirement, including income streams and withdrawals from superannuation, the Age Pension, and drawdown of non-superannuation assets.

**Retirement Income Covenant:** Under section 52 of the Superannuation Industry Supervision Act 1993 (SIS Act), APRA regulated super funds are required to formulate and regularly review a retirement income strategy for members at or approaching retirement. The strategy should balance three objectives: maximising expected retirement income, managing expected risks to sustainability and stability of expected income, and having flexible access to capital.

**Retirement income solution(s):** An integrated solution for members that includes retirement products, product settings and guidance services designed to assist members with making choices about their



retirement income. The retirement income solution(s) should align with the objectives of the Retirement Income Covenant to maximise retirement income for members, manage expected risks for the sustainability of retirement income, and provide flexible access to funds over the period of retirement.

**Retirement phase:** Generally, refers to the period between the start of retirement or when an individual begins to draw down on their superannuation as an income stream (or lump sum), and the end of their life.

**Superannuation Guarantee (SG):** The minimum amount of money an employer must contribute to a superannuation fund on behalf of an eligible employee. SG is calculated as a percentage of the ordinary time earnings of the employee and is payable on top of the earnings of the employee.

**Trustee:** Registrable superannuation entity as defined in s. 10(1) of the *Superannuation Industry (Supervision) Act 1993*.