



Media Release

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GESB CALLS FOR MOVE AWAY FROM EMPLOYER SELECTED SUPER MODEL

GESB, the largest WA-based super provider, says that the current employer selected default fund model for super should be replaced with a fully member choice driven model, in order to engage individuals with their super and help reduce the number of lost accounts.

GESB's submission to phase two of the Cooper Review suggests that the super industry needs to draw on the experience of the banking system, highlighting that in June 2009 there were 6.4 million lost super accounts in Australia worth \$13 billion, compared to only 177,000 unclaimed banking accounts worth \$266 million¹.

Michele Dolin, Chief Executive Officer at GESB, said, "The introduction of a member choice driven super model would connect individuals with their retirement savings at a young age, requiring them to select their preferred plan type and level of personal contribution.

"Any monies not credited to a nominated super account would be transferred to the Australian Tax Office (ATO), which is in an ideal position to trace and connect individuals to lost savings, consistent with the Lost Members transfers due to commence in 2010.

"A national default fund is no replacement for an employer selected super model. It's likely to result in a large proportion of the super system being managed by the Government or a monopoly participant and that won't deliver the efficiencies and cost savings that are needed."

Ms Dolin said that the adoption of a member rather than employer driven model needs to be accompanied by a levelling of the regulatory and legislative environment for providers. GESB's submission recommended:

- Standardised and full disclosure of total fees, costs and net returns to consumers to enable relevant comparisons of fund value;
- Increased education and advice promoted by the Government and providers to help assist members to choose risk profiles, investment options and personal contribution levels;
- Standardised investment definitions established by the Australian Prudential Regulatory Authority (APRA) and aligned with risk profiles to help improve consumer understanding; combined with
- Industry-wide guidance for liquidity management and unit pricing to help ensure equitable treatment of fund members.

For a copy of GESB's submission contact Wendy Franklin, GESB media 08 9263 4598.

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Media enquiries to:

Wendy Franklin
 GESB
 Phone: 08 9263 4598
 Mobile: 0402 326 778
 Email: wendy.franklin@gesb.com.au

Notes to editors:

1. About GESB

GESB is the largest WA-based super provider with more than 313,000 members, representing nearly one quarter of the WA workforce, and over \$10.0 billion funds under management.

With more than 70-years of superannuation experience, GESB is ideally situated to provide members with a choice of superannuation and retirement products, access to financial planning and insurance coverage through super, combined with competitive fees and a wide range of member education, information and resources.

For further information visit gesb.com.au

2. Industry ratings and awards

SuperRatings awarded GESB Super, West State Super and Retirement Income Allocated Pension its highest Platinum rating in 2010. This is granted to only the top 15% of the best 'value for money' funds, based on an assessment of investment returns, investment methodology, fees, administration and advisory services, as well as a robust, secure and proven governance framework.

Chant West awarded GESB Super, West State Super and Retirement Income Allocated Pension its highest rating in 2010, Five Apples, following an assessment of organisational strengths, investments, fees, insurance, administration, member services and employer services.

The Heron Partnership has also awarded GESB its highest rating in 2009, 5 Quality Stars, granted to only the top 25% of super products, based on an assessment of investment arrangements, insurance, ancillary benefits, communications and contributions.

¹ Australian Securities and Investments Commission (ASIC), Information Sheet 83, Unclaimed Money, May 2009