

# The Royal Commission and superannuation – What you need to know.



After almost a year of hearings and deliberations, the final report from the Royal Commission into Misconduct in the Banking, Superannuation and Financial Services Industry has now been released.

The Royal Commission aimed to bring to account behaviours which have been deemed unacceptable with prevailing community standards. This is aligned with TelstraSuper's core value of putting members first and ahead of the interests of any other party.

The report contains 76 separate recommendations, 9 of which directly concern superannuation. 24 cases involving misconduct by the banks and other for-profit entities have been referred to the regulators for possible criminal or civil charges.

Royal Commissioner Kenneth Hayne observed that, in almost every case, misconduct was driven by businesses pursuing profit and individual greed. Providing service to customers came second.

At TelstraSuper, we believe that members must be at the heart of any reform and we will continue to advocate for policy that best serve our members in the long term.

While both major political parties have agreed to take action on the vast majority of the Commission's recommendations, it is important to remember that without legislation, these recommendations cannot be implemented. Moreover, most of the recommendations will have minimal impact on our members. For example, we have never paid commissions to financial advisers or used hawking to sell superannuation products. We'll continue to advocate for you, our members, to ensure that there are no unintended side effects on you from this long list of recommendations.

## Background

The Royal Commission into Misconduct in the Banking, Superannuation and Financial Services Industry was established by the Government in December 2017, with the first of seven public hearings held in March 2018, and the final round held in November 2018.

Like most super funds, TelstraSuper responded to requests for information from the Royal Commission in the early stages of the Commission's activities. However, we were not required to attend the Royal Commission to provide any further evidence.

The Commission received more than 10,000 submissions from members of the public, the majority of them relating to past experiences with banks.

### Key recommendations concerning super and financial advice:

- ▶ Banning the hawking of superannuation and insurance products
- ▶ People should only have one default super fund
- ▶ Financial advisers who are not independent must disclose this to clients in a prescribed format.
- ▶ Grandfathered commissions – attached to some bank and insurance-owned super funds – to be banned.
- ▶ Overhaul bosses pay so that incentives are more aligned to non-financial risk.
- ▶ Overhaul the culture of the regulators