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Ms Rebecca McCallum
Manager, Retirement Income Framework, Retirement Income Policy Division
The Treasury
Langton Crescent
PARKES ACT 2600

Dear Rebecca

Re: Retirement Income Disclosure Consultation Paper

Thank you for the opportunity to comment on the disclosure fact sheet for retirement income products and the retirement income risk measure and calculation method.

Challenger is a top-100 ASX listed company and the leading provider of annuities in Australia, delivering on our vision to provide our customers with financial security for retirement. We provide more than 60,000 Australians with a secure and reliable income in their retirement.

We acknowledge that appropriate disclosure is important for consumers of retirement income products. Development of the retirement phase of superannuation is essential and we would like to see the system better support consumers to maintain an appropriate standard of living in retirement, while balancing the competing objectives of high income, flexibility and risk management.

Our submission comprises comments on the disclosure consultation paper in part 1 and on the AGA technical paper in part 2.

Please do not hesitate to contact me should you wish to discuss our submission further. I can be best reached on [redacted] or [redacted]

Yours sincerely

Carla Hoorweg
Head of Government & Industry Relations

Part 1: Disclosure consultation paper

1. The need for retirement income reform

Challenger strongly supports a super system that safely, simply and efficiently gives retired members their money back to spend over increasingly longer retirements. Consideration of post-retirement ('decumulation phase') reform dates back nearly 10 years and has been supported by both sides of politics.[1]

More recent proposals have focussed on governance, rather than product design, as the way to enhance the retirement phase. It is important that the super system takes achievable, evolutionary steps; enhancing what we already have, rather than disrupting it.

Development of the post-retirement phase of Australia's retirement income system is a critical priority for the following reasons:

1. 700 Australians are retiring every day, more than 85% of whom have had super and need reliable income for life, but with less than half entitled to the full age pension;
2. the industry standard is that accumulation-style products are presented to retirees as retirement income streams;
3. diversification is the only risk mitigant applied to most retirement income streams, with all other risks currently borne by retirees who are consequently self-insuring, living too frugally and leaving 'unintended bequests' to the next generation;
4. around $800bn is already in the retirement phase, but the industry is substantially under-prepared for this;
5. there is very limited governance currently dedicated to retirees and retirement income; and
6. risk pooling and insurance are widely used in the accumulation phase, but are not routinely used in the retirement phase to reduce the risk of running out of money in retirement nor to mitigate the impact of old age cognitive decline.

2. Background to Australia's product disclosure regime

Regulated disclosure has a long history in the Corporations Act, with the principles-based prospectus regime for securities and debentures (Chapter 6D) being introduced in 1991, which was then modified by the Corporate Law Economic Reform Program Act 1999.

The more prescriptive Product Disclosure Statement (PDS) regime for financial products other than securities and debentures in Part 7.9, commenced in March 2002 and became fully operational in March 2004.

The point of raising the history of disclosure regimes relating to securities and financial product offerings is to ask what evidence there is to suggest that consumers need a completely different, stand alone and prescriptive regime just for retirement income products. All existing retirement income products are subject to the PDS regime. The issuer of a PDS has a legal obligation to ensure that the information disclosed is 'clear, concise and effective'.

The consultation paper on page 2 asserts that 'when people approach retirement they are confronted with complex legal and financial information'. We question whether this means that the

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[1] We have set-out in Appendix A the various reform proposals initiated by Coalition and Labor governments since 2008.

PDS regime has failed? If so, would it be preferable for the regime to be reviewed and repaired, rather than bypassed for one subset of the population? Could ASIC issue guidance or run a test case to improve disclosure under the existing regime?

On page 3 of the consultation paper (paragraph 2) various items are listed that current PDSs do not address – eg the likelihood of the money running out. These items are largely not addressed in PDSs because they currently fall into the realm of personal advice and generally require knowledge of a person's objectives, financial situation and needs; hence are likely to involve personal advice under s766B(3)(a) of the Corporations Act. A PDS, or indeed a fact sheet that is not tailored to individual circumstances, can only provide information and general advice under the current framework.

3. Forecasts of future financial performance

The consultation paper says on page 3 that PDSs rarely contain information about levels of expected income. This is because the forecasting of future financial performance has been difficult area of securities law globally. In the United States, the law on 'forward-looking statements' is extensive.

The difficulty is that the future is inherently uncertain. The longer the time horizon, the more difficult it is to predict future financial outcomes.

Locally, ASIC says in its Regulatory Guide 170, at RG170.3(a) that: 'Our experience suggests that prospective financial information is, at best, only a crude indicator of likely achievable results'. The consultation paper, on the other hand, proceeds on the basis of 'expected' returns over very long periods of time into the future.

To put this in some context, in late 1991, an asset price 'bubble' burst in Japan. In many respects, Japan has still not recovered from the low growth environment caused by this shock, with official interest rates still set at minus 0.1%, despite massive quantitative easing, including the purchase of equities by the Bank of Japan. The 10-year bond rate is around minus 0.08% with a target of 0%. This highlights that assumptions based on historical data can prove to be inaccurate for substantial periods of time. In the case of Japan, there has not yet been the assumed 'reversion to the mean', notwithstanding that 27 years (about the length of a person's retirement) have passed.

The use of forecasts for future financial performance in a new disclosure regime will need careful navigation to ensure that unintended precedents are not set in other parts of the disclosure framework.

4. Personal advice

On page 10 of the consultation paper, it suggests that the retirement income fact sheet would not constitute financial advice and that the preferred option is for it to be exempted from the advice framework. This may not be as simple as it sounds.

For comparative disclosure to be useful, at least some level of personalisation is going to be necessary. For example, the comparisons will have to be capable of adjusting for the person's age; gender (for life expectancy purposes); age pension entitlement and possibly for other factors as well (like the size of the intended investment and the value of their other assets). The result is therefore likely to constitute 'personal advice' for the purposes of s 766B(3) of the Corporations Act because it will consider a consumer's objectives, financial situation or needs. This is not fatal to the proposed reforms, but it needs to be factored in. In other words, which aspects of the personal advice regime should apply, and which should not? Some of these issues were considered in ASIC's Consultation Paper 101 on Superannuation Forecasts issued in July 2008.[2]

5. Focus on retirement income

Focusing on the objective of providing income in retirement is the right approach. It is particularly useful to define 'retirement income' as including regular consumption of capital.

Many retirees and financial advisers prefer to construe 'retirement income' as more akin to accounting income. We are concerned that this has moved the focus of retirees away from the original intention of the super system – consumption smoothing, by deferring wages to be compounded and then consumed during retirement – toward a different focus of passing on wealth to the next generation.

We therefore support the idea that an expression like 'take-home pay' could be a more user-friendly concept for the ordinary consumer. We also support the income focus being on fortnightly payments, with the inclusion of an annual number.

6. Access to underlying capital

The suggested chart showing how much is available and how much is 'not available' is problematic in that it appears as though a retiree's money is being 'taken away'. We believe this is inconsistent with the policy desire for retirees to consume their capital during retirement. Expressing this in terms of 'capital consumed' or 'benefit received' may be better aligned with this policy objective.

7. Death benefits and reversionary benefits

We agree that the suggested presentation format outlining three components, which can be deleted or modified depending on the particular product, would be an effective and simple statement for consumers.

8. Future considerations

It is clear from the discussion on future considerations that there are many issues to be examined and that interactions between these issues will also be important in the development of a disclosure regime specifically for retirement income products. We acknowledge that this is the first step in the process and encourage further and more detailed consultation on these issues as the policy design process progresses.

[2] https://download.asic.gov.au/media/1327640/Consultation_paper_101_Superannuation_forecasts_v1.pdf

Part 2: Retirement Income Risk measure

We support the general approach of the retirement income risk measure. Highlighting the shortfall to expected income through retirement is the best way to describe risk to a retiree who is seeking to live off the income provided for their retirement.

However, even if not discussed in detail, this is extremely complicated for the average person to understand.

1. Risk measure – technical points

There are a couple of technical points that we wish to raise in the construction of the risk measure by the AGA. While there is an attempt to simplify the output, the measure is complicated and there are areas where the complexity could create the potential for the measure to be manipulated.

To measure risk accurately, there needs to be an alignment between the metric and the benefit that is at risk of not being achieved.

We believe there are two elements of the proposed measure that are currently not aligned, but which could be improved with simple adjustments.

a. Timeframe

Expected income is proposed to be presented for a 30-year period - from age 67 (retirement age) to 97. The risk measure is calculated to age 100. While small, this gap should be removed by aligning both measures to cover the same period. This would not be an issue for a product that provides a 'smooth' income stream, but products with 'balloon' payments could be constructed to exploit this wedge.

Using an extended timeframe (beyond the life expectancy of most people) without reduced weighting provides some indication of the longevity risk management. However, a fixed age/date provides room for a product that doesn't manage extended longevity, but reaches the age hurdle, and so could be classified as zero risk. This possibility should be disclosed for any retirement income product that is not guaranteed to last for a lifetime. Including a separate cost in the risk measure should be considered for those products that will not provide any longevity cover.

b. Income alignment

The proposed income measure is an average real income over a 30-year period. The risk measure uses only the initial year's income. For a product that provides constant real income, there would be no difference, but such a gap in measures could be exploited as it is not always the best measure of expected income.

A product that provides a low level of income in the first year which increases in real terms (the opposite of a nominal lifetime annuity) would be rated as favourable on the long-term income measure and considered low-risk because it is less likely to fall below its initial income level than its higher average level.

We believe a better approach would be to align the income measure, preferably by using the average expected income levels in both measures. This would ensure that the risk relates precisely to the risk of missing the income that is presented as the expected income to the retiree.

2. Counterparty risk

The paper frequently mentions 'counterparty risk' in the context of life companies. This would be like mentioning the risk of bank failure in the context of a policy proposal affecting term deposits. While it is true that life company annuities are not 100% risk-free, they are far closer to risk-free than the paper suggests.

Standard risk management practices refer to inherent and residual risk. Inherent risk is a prima facie risk that exists. Once risk controls have been implemented to manage that risk, the residual risk is that which remains and manifests itself if the controls fail.

In our view, counterparty risk is clearly an inherent risk with an annuity issued by a life company. However, there are several regulatory controls in Australia that reduce the residual risk to a policy-holder. This residual risk affecting an annuity is better described as 'regulatory' risk: the risk that the risk-weighted capital and supervisory and other prudential safety measures administered by APRA are not sufficient. After all, the regime affecting life companies is based on safety in any 12-month period to the level equivalent to a 1 in 200-year shock event. This is not adequately described by the expression 'counterparty risk' which is more appropriately applied to non-prudentially-supervised entities.

3. Other issues

a. Seven-point reverse order scale

The use of a seven-point scale seems like it has too many calibrations. The BETA research used at most five comparators (using a star system for risk).[3] There has been confusion with the ranking of the scale, including presentations from Treasury. Consideration should be given to reducing the number of points to five, with the lowest risk score of 1 and the highest score of 5.

b. Exclusion of age pension from methodology

Exclusion of the age pension is problematic for retirees. In the real world, changes in age pension can dramatically affect the risk profile they face. In practice, this is dependent on the retiree's wealth so will be difficult to capture at a product level. This could potentially be managed through the proposed Design and Distribution Obligations regime by a requirement for product providers to highlight the suitability of a product, and the impact on the risk measure, at different levels of wealth.

c. Variation measure.

The approach of measuring the variation in income through retirement is a good concept to display the real risk in retirement. Volatility, which is the typical measure of risk in accumulating savings, can be dampened in retirement while other risks are increased.

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[3] Hiscox, M., Hobman, E., Daffey, M. & Reeson, A (2017) Behavioural Economics Team of Australian Government: Supporting retirees in retirement income planning. Canberra: Australian Government.

Measuring the variation through overall income will capture the impact on the ultimate goal of retirees - the money they have to spend.

One issue to consider is the potential to include a requirement that the product actually include a longevity component or some form of payment for life. Otherwise, a product could just pay income to age 100, which would be sufficient for the measure, but not actually provide the longevity protection that is desired.

Appendix A: Retirement income reform initiatives 2008-2019

The genesis of the retirement income framework can be traced back to the review of Australia's Future Tax System in 2008 which concluded, in its recommendations on the post-retirement aspects of the superannuation system, that there should be encouragement for the longevity risk management market and innovative retirement income stream products.

Since then, numerous reviews and consultations have been undertaken by both Labor and Coalition governments to explore the need for retirement income products and examine how they could deliver better outcomes for Australian retirees. The following table summarises these initiatives.

Date	Initiative	Links
13 May 2008	*Labor:* Deputy Prime Minister and Treasurer Wayne Swan announced terms of reference for a comprehensive review of Australia's tax system. The panel for *Australia's Future Tax System* was chaired by Dr Ken Henry AC and the review became known as the *Henry Tax Review.* The terms of reference included that the review would reflect the government's policy to preserve tax-free superannuation payments for over 60s.	Media release
10 December 2008	*Labor:* A Retirement Income Consultation Paper was released as part of the *Henry Tax Review* consultation process. Consultation on the retirement income system was brought forward to allow the Government to consider any issues in conjunction with those arising from the Pension Review (due in February 2009). Key considerations of the consultation were whether the retirement income system is broad and adequate, acceptable, robust, simple and approachable, and sustainable.	Consultation paper
29 May 2009	*Labor:* Minister for Superannuation and Corporate Law, Senator Nick Sherry announced the terms of reference and makeup of the *Review into the governance, efficiency, structure and operation of Australia's superannuation system.* The review was chaired by Jeremy Cooper and became known as the *Super System Review*.	Media release
2 May 2010	*Labor:* Final report of the *Henry Tax Review* released by the government along with an initial response. Recommendation 21 addressed potential changes to the post-retirement system:	Final Report

	Recommendation 21: The government should support the development of a longevity insurance market within the private sector. (a) The government should issue long-term securities, but only where this is consistent with its fiscal obligations, to help product providers manage the investment risk associated with longevity insurance. (b) The government should make available the data needed to create and maintain a longevity index that would assist product providers to hedge longevity risk. (c) The government should remove the prescriptive rules in the *Superannuation Industry (Supervision) Regulations 1994* relating to income streams that restrict product innovation. This should be done in conjunction with the recommendation to have a uniform tax on earnings on all superannuation assets. In its press release responding to the final report the government specifically rejected **Recommendation 22** which called for the government to consider issuing annuity products itself.	Media release – initial government response Government response
5 July 2010	Final report of the *Super System Review* released. The report included 177 recommendations covering ten broad areas of reform. Chapter 7 specifically addressed the retirement phase and recognised that the retirement income product market had been under-developed concluding that this largely reflected the relatively small balances that many retiring workers held as a consequence of the super guarantee system being immature (less than 20 years old). The report predicted that super balances would increase substantially in the period ahead and that this, combined with demographic ageing, should help spur product development. Treasury estimated post-retirement assets would more than triple in real terms by 2035 to reach $850 billion. Four recommendations were made on retirement: **Recommendation 7.1** - MySuper products must include one type of income stream product, either through the fund or in conjunction with another provider, so that members can remain in the fund and regard MySuper as a whole of life product. The Government should consult comprehensively with industry before mandating the post-retirement arrangements to apply to MySuper products.	Final Report

	Recommendation 7.2 Trustees should be required to offer intra-fund advice proactively to MySuper members as they approach normal retirement age. Over time, advice should be available on as broad a range as possible of the financial issues that members will face in retirement, subject to the requirements of the sole purpose test. In the near term, advice should address investment allocation and alternative retirement products offered within the fund. **Recommendation 7.3** Trustees should offer intra-fund advice proactively to MySuper members in the retirement phase at periodic intervals. **Recommendation 7.4** Trustees must devise a separate investment strategy for post-retirement members in MySuper products which has regard to the factors as set out in section 52(2)(f) of the SIS Act as well as inflation and longevity risk.	
16 December 2010	*Labor:* Assistant Treasurer Bill Shorten announced its response to the *Super System Review*, formally accepting the bulk of the review's recommendations through its *Stronger Super* initiative. The Government noted Recommendations 7.1 – 7.3 in relation to retirement and provided support for Recommendation 7.4. Detailed responses: **Recommendation 7.1** The Government will consult with relevant stakeholders on whether post-retirement products should be mandated for MySuper products at some time in the future. **Recommendation 7.2** The Government will consult with relevant stakeholders on whether MySuper products should be required to offer intra-fund advice and the appropriate timing of any change. **Recommendation 7.3** The government will consult with relevant stakeholders on whether MySuper products should be required to offer intra-fund advice and the appropriate timing of any change. **Recommendation 7.4** The Government supports requiring a separate investment strategy for post-retirement members in MySuper and choice products which offer retirement income stream products and will consult with relevant stakeholders on implementation issues.	Media Release Government response Dedicated Stronger Super website
1 February 2011	*Labor:* Minister for Financial Services & Superannuation Bill Shorten announced the establishment of a *Stronger Super* Peak	Media release

	Consultative Group tasked with advising the government on how best to implement the *Stronger Super* package. The group was chaired by Paul Costello.	
21 September 2011	*Labor:* Assistant Treasurer and Minister for Financial Services and Superannuation, Bill Shorten, announced the government's response to the *Stronger Super* consultation, including that: • MySuper products would only cover the pre-retirement phase initially; • More detailed work on post-retirement issues should be undertaken during the transitional period to MySuper; and • Further consideration should be given to a separate investment strategy for a retirement income stream within MySuper.	Media release Information Pack Outcomes of Stronger Super Consultation Process
5 April 2013	*Labor:* Treasurer Wayne Swan and Minister for Financial Services and Superannuation Bill Shorten announced changes to the super system, including providing deferred lifetime annuities with the same concessional tax treatment that superannuation assets supporting income streams receive, to apply from 1 July 2014.	Media release
14 May 2013	*Labor:* The 2013–14 Budget included a restatement of the policies announced in April 2013 along with several other measures, including encouraging the take-up of deferred lifetime annuities.	Budget Measures 2013-14, Budget Paper 2
September 2013	*Coalition Election commitment:* *"Product innovation and increased choice in retirement products can provide significant benefits for Australians looking for options to better manage the financial risks they face in retirement, such as market risk, inflation risk and the risk that they may outlive their retirement savings.* *As a priority, the Coalition will review the regulatory barriers currently restricting the availability of relevant and appropriate income stream products in the Australian market.* *We will work with the financial services sector and regulators to encourage the development of such innovative products whilst ensuring that appropriate safeguards are in place to protect consumers."*	Coalition policy for superannuation

6 November 2013	*Coalition:* Treasurer Joe Hockey and Assistant Treasurer Arthur Sinodinos announced that the government would address all unenacted tax and super measures that had been announced by the previous government and agreed to undertake further consultation on encouraging the take-up of deferred lifetime annuities.	Media release
14 December 2013	*Coalition:* Assistant Treasurer Arthur Sinodinos announced the outcome of consultation on the announced but unenacted measures, including that deferred lifetime annuities would be addressed as part of a broader review of the regulatory arrangements for retirement income streams which would address unnecessary barriers to the development of longevity insurance products.	Media release
20 December 2013	*Coalition:* Treasurer Joe Hockey announced the final terms of reference for the *Financial System Inquiry* 'root and branch' review of the nation's financial system. The Inquiry panel was chaired by David Murray AO.	Media release
21 July 2014	*Coalition:* Minister for Finance and Acting Assistant Treasurer Mathias Cormann issued a discussion paper, *Review of Retirement Income Stream regulation*. The review included consideration of: • regulatory barriers restricting the availability of relevant and appropriate retirement income stream products; • minimum payment requirement for ABPs; and • facilitating deferred lifetime annuities by extending concessional taxation treatment	Media release Discussion paper
7 December 2014	Final Report from the *Financial System Inquiry* released. The report concluded that superannuation assets were not being efficiently converted into retirement incomes due to a lack of risk pooling and over-reliance on individual ABPs. The Inquiry recommended that: • superannuation trustees be required to pre-select a comprehensive income product for members' retirement (CIPR); • the CIPR product would commence on the member's instruction, or the member may choose to take their benefits in another way; and • impediments to product development be removed.	Final Report Australian Government Actuary paper

	The report also included a commissioned a paper from the Australian Government Actuary: *Towards more efficient retirement income products* which examined products available to retiring Australians with an accumulation-style or 'lump sum' superannuation benefit (rather than a defined superannuation pension benefit). The paper concluded that it was possible to design retirement income products that delivered higher income in retirement to retirees than is possible with an ABP, without any increase in the risk of outliving their savings.	
February – August 2015	Treasury consulted with participants in the *Review of Retirement Income Stream* regulation on proposals and conducted further targeted consultations to refine proposals.	
20 October 2015	*Coalition:* Treasurer Scott Morrison and Assistant Treasurer Kelly O'Dwyer announced the government's response to the *Financial System Inquiry*. The government committed to: • task the Productivity Commission with reviewing the efficiency and competitiveness of the superannuation system; • explore additional measures to improve the efficiency and competitiveness of the current system; and • develop legislation to allow trustees of funds to provide pre-selected retirement income products to help guide members at retirement and improve outcomes for retirees, including through increased private retirement incomes, increased consumer choice and better protection against longevity and other risks; and • continue work to remove impediments to product development.	Government response
3 May 2016	Final report on *Retirement Income Streams Review* released by Treasury. The report concluded that: • Current minimum drawdown requirements should be maintained and that the Australian Government Actuary should review the rates every 5 years, or in the event of a significant economic shock, to ensure they remain appropriate; • an additional set of income stream rules should be developed to allow lifetime products to qualify for the	Final Report

	earnings tax exemption provided they meet a declining capital access schedule; • alternative product rules should be designed to accommodate purchase via multiple premiums, but additions to existing income stream products should continue to be prohibited; • SMSFs and small APRA funds should not be eligible to offer products under the new rules; and • a coordinated process should be implemented to streamline administrative dealings with multiple government agencies regarding new products.	
3 May 2016	*Coalition:* Treasurer Scott Morrison and Assistant Treasurer Kelly O'Dwyer announced a package of super tax reforms as part of the 2016-17 Budget. This incorporated the Government's response to the *Retirement Income Streams Review* and included: • enshrining in law that the objective of superannuation was to *provide income in retirement to substitute or supplement the age pension*; • removal of tax barriers to the development of new retirement income products by extending the tax exemption on earnings in the retirement phase to products such as deferred lifetime annuities and group self-annuitisation products, as recommended by the *Retirement Income Streams Review*; and • consult on how the new retirement income products would be treated under the age pension means test.	Media release 2016 Budget Factsheet – Superannuation System
5 May 2016	*Coalition:* Assistant Treasurer Kelly O'Dwyer released the final *Retirement Income Streams Review* report and announced that the Government: • accepted the Review's recommendations; • would remove tax barriers to the development of new retirement income products from 1 July 2017; and • would clarify how new retirement income stream products would be treated under the age pension means test ahead of 1 July 2017.	Media release
15 December 2016	*Coalition:* Minister for Revenue and Financial Services Kelly O'Dwyer released discussion paper *Development of the framework for Comprehensive Income Products for Retirement* (CIPRs).	Media release Consultation website

	The discussion paper explored key issues in developing the framework for CIPRs, or MyRetirement products and views were sought on: • the structure and minimum requirements of these products; • the framework for regulating these products; and • the offering of these products.	
December 2016	The Department of Social Services released a discussion paper *Social security means testing of retirement income streams* for targeted input from key peak bodies and stakeholders to assist with the development of appropriate policy options.	Discussion paper
21 March 2017	*Coalition:* Minister for Revenue and Financial Services Kelly O'Dwyer released draft innovative superannuation income stream regulations and an explanatory statement for public consultation. The regulations were intended as a pre-cursor to CIPRs: • introduce new design rules for lifetime superannuation income stream products that cover a range of innovative income stream products including deferred products, investment-linked pensions and annuities and group self-annuitised products; and • provide a tax exemption for superannuation funds and life insurance companies on income from assets supporting these new income stream products, provided they are currently payable or, in the case of deferred products, held for an individual that has reached retirement.	Media release
29 May 2017	Treasury released a paper outlining a potential actuarial test developed by the Australian Government Actuary. The test related to third-party certification that a product meets the minimum requirements of a Comprehensive Income Product for Retirement (CIPR) The paper was intended to inform public discussion as part of the government's CIPR consultation process.	Proposed test
1 July 2017	*Treasury Laws Amendment (2017 Measures No. 1) Regulations 2017* commenced. Schedule 1 amended a number of superannuation regulations to enable new innovative retirement income stream products to be offered from 1 July 2017. The rules:	

	• introduced a new set of design rules for lifetime superannuation income stream products and innovative income stream products, including deferred products, investment-linked pensions and annuities and group self-annuitised products; and • ensured superannuation funds and life insurance companies will receive a tax exemption on income from assets supporting these new income stream products provided they are currently payable, or in the case of deferred products, held for an individual that has reached retirement.	
16 January 2018	Department of Social Services released *Means Test Rules for Lifetime Retirement Income Streams* which set out proposed new social security means test rules for pooled lifetime retirement income stream products which followed the discussion paper of December 2016.	Position paper (updated 7 February 2018)
19 February 2018	*Coalition:* Minister for Revenue and Financial Services Kelly O'Dwyer announced establishment of a consumer and industry advisory group assist in the development of a framework for CIPRs. The central task of the advisory group was to provide advice to Treasury on possible options and scope of a retirement income covenant in the *Superannuation Industry (Supervision) Act 1993* (SIS Act).	Media release
8 May 2018	*Coalition:* The government announced its Retirement Income Framework as part of the 2018-19 Budget. This included: • clarification of how new innovative income stream products are to be assessed against the age pension means test from 1 July 2019 (in response to the DSS consultations); • requiring superannuation fund trustees to develop a retirement plan for members and offer a wider variety of products; and • requiring superannuation funds to provide more information to help consumers compare and choose products.	Budget 2018-19 Factsheet 3
17 May 2018	*Coalition:* Minister for Revenue and Financial Services Kelly O'Dwyer released a position paper outlining the proposed principles underpinning a retirement income covenant.	Media release

	The covenant would: • require trustees to help their members meet their retirement income objectives and form the cornerstone of the new retirement income framework; • be added to the *Superannuation Industry (Supervision) Act 1993*, which will elevate the consideration of members' retirement income needs to sit alongside the other fundamental obligations of trustees, such as the investment, risk management and insurance needs of their members. The framework will also include supporting regulations that oblige trustees to offer their members a comprehensive income product for retirement (CIPR) and to guide and support members to select the right retirement solution.	Position paper
29 May 2018	Productivity Commission releases a draft report on its *Review into the efficiency and competitiveness of the superannuation system* for consultation. The draft report suggests that a 'MyRetirement' default is not warranted, but supports the CIPR proposals. The Commission is due to make its final report in 2018.	Draft report
9 December 2018	Treasury releases a retirement income disclosure consultation paper for comment by 28 March 2019.	Consultation paper
21 December 2018	Productivity Commission releases its final report on its *Review into the efficiency and competitiveness of the superannuation system*. Recommendation 10 suggested that the Government reassess the benefits, costs and detailed design of the Retirement Income Covenant — including the roles of information, guidance and financial advice — and only introduce the Covenant if design imperfections (including equity impacts) can be sufficiently remediated.	Final Report