

26 September 2023

Director  
 Superannuation Insurance and Governance Unit  
 Retirement, Advice and Investment Division  
 The Treasury  
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Dear Sir/Madam,

Thank you for the opportunity to submit Challenger's views on the legislation for the objective of superannuation (the Objective): *Exposure draft Bills – Superannuation (Objective) Bill 2023; and Superannuation (Objective) (Consequential and Transitional Provisions) Bill 2023*.

Challenger is an investment management firm focused on providing customers with financial security for a better retirement. Challenger operates a fiduciary Funds Management division and an APRA-regulated Life division (comprising a life insurer and a superannuation trustee). Challenger Life Company Limited (Challenger Life) is Australia's largest provider of annuities and guaranteed retirement incomes.

Challenger for many years has been an advocate of retirement income reforms that will significantly enhance the lives of older Australians. Legislating the Objective is an appropriate step in clearly establishing superannuation's role in helping older Australians enjoy a retirement they work towards over their entire working life. The emphasis on retirement income within the Objective can help provide financial security for retirement to support the lifestyle everyone deserves.

#### A suitable objective for superannuation

The Objective is a welcome step towards ensuring the superannuation system works as well for retirees as it does for working Australians. The success of the system will also require other critical components of superannuation system reform – namely the Retirement Income Covenant and the proposed reforms to financial advice– are enacted and enabled to support the delivery of income over the retirement phase.

The wording of the Objective is appropriate guidance for the superannuation system. It is also appropriate that the Objective does not reach beyond what superannuation can realistically deliver. The central focus of the Objective is to deliver income (in retirement), which is core to the purpose of the superannuation system. The aim is for Australians to be able to fund a significant period in retirement where they can enjoy their desired lifestyle that provides adequate income from superannuation. There is recognition that it would be too costly to sustain the desired lifestyle for

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most Australians solely through the provision of the aged pension, and superannuation should, were possible, be the primary source of income for retirees.

The positioning of the superannuation system as a means to preserve savings for retirement highlights that the system is designed to overcome the behavioural bias that people, left to their own devices, tend to save less than necessary for retirement. This does not diminish the value of saving for other purposes, such as housing, but it highlights that superannuation, along with the concessions provided, is intended to support Australians in retirement.

The requirements around the statement of compatibility and the clarification that the Objective does not affect the existing operation is both necessary and appropriate.

Challenger believes that legislating an Objective of superannuation will provide a solid basis for the superannuation system to continue to develop and will benefit many Australians.

Challenger is committed to providing financial security for a better retirement for Australians and encourage the government to progress the legislation in a timely manner in order to provide clarity to the Australian superannuation industry and both retirees and pre-retirees.

If you have any queries or comments in relation to the content of our submission, please do not hesitate to contact me at 

Yours sincerely



**Nick Hamilton**  
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