

[Home \(/\)](#) / [Ministers \(/ministers\)](#)

/ [Senator the Hon Jane Hume \(/ministers/jane-hume-2020\)](#)

/ [Media releases \(/ministers/jane-hume-2020/media-releases\)](#)

/ [Superannuation reforms pass parliament – making your super work harder for you](#)

[Senator the Hon Jane Hume \(/ministers/jane-hume-2020\)](#)

[Media releases \(/ministers/jane-hume-2020/media-releases\)](#)

[Speeches \(/ministers/jane-hume-2020/speeches\)](#)

[Transcripts \(/ministers/jane-hume-2020/transcripts\)](#)

17 June 2021

Superannuation reforms pass parliament – making your super work harder for you

**Joint media release with
The Hon Josh Frydenberg MP
Treasurer**

The Morrison Government has today passed through the parliament landmark reforms to Australia's superannuation system. These reforms will help ensure superannuation works in the best financial interests of all Australians by removing unnecessary waste, increasingly accountability and transparency, and providing more flexibility for families and individuals.

The passage of the *Treasury Laws Amendment (Your Future, Your Super) Bill 2021* will save Australians \$17.9 billion over 10 years.

- **Having your superannuation follow you**, preventing the creation of unintended multiple superannuation accounts when employees change jobs. This will commence from 1 November 2021.
- **Making it easier to choose a better fund**, with access to a new interactive online YourSuper comparison tool. This will commence from 1 July 2021.
- **Holding funds to account for underperformance**, to lower fees and protect members from poor outcomes. The Government will require superannuation products to meet an annual objective performance test. Those that fail will be required to inform members and persistently underperforming products will be prevented from taking on new members. Members will be notified by 1 October 2021 if their fund fails this test.
- **Increasing transparency and accountability**, with the Government strengthening obligations to ensure trustees only act in the best financial interests of members and provide better information regarding how they manage and spend members' money in advance of Annual Members' Meetings and through enhanced Portfolio Holdings Disclosure.

The passage of the *Treasury Laws Amendment (Self Managed Superannuation Funds) Bill 2020* today will also increase the maximum number of allowable members in self-managed superannuation funds (SMSFs) and small APRA funds from four to six from 1 July 2021.

This will provide Australians with more flexibility and control in managing their retirement savings.

In addition, the passage of the *Treasury Laws Amendment (More Flexible Superannuation) Bill 2020* will help boost the retirement savings of Australians by giving them more options to contribute to their superannuation.

The Bill extends the bring-forward arrangements to people aged 65 and 66 for non-concessional contributions made on or after 1 July 2020. These changes complement previous actions by the Government to improve flexibility of the retirement system that allowed people aged 65 and 66 to make contributions without meeting the work test.

The Bill will cut red tape by removing the excess concessional contributions charge, which currently applies to contributions in excess of the concessional contributions cap. This will ensure that from 1 July 2022, Australians saving for their retirement are not financially disadvantaged by inadvertent breaches of the cap.

Australians will also be supported to make additional contributions to their superannuation to make up for amounts that they may have withdrawn due to COVID-19. From the 2021-22 financial year, individuals who released superannuation under the COVID-19 early release scheme will have the option of recontributing these amounts as non-concessional contributions, over and above the existing caps.

Together, these are the most significant reforms to superannuation since the introduction of compulsory superannuation in 1992 and build on the Government's prior reforms which have included consolidating 3.3 million unintended multiple accounts worth \$4.3 billion, capping fees on low balance accounts, banning exit fees and ensuring younger Australians do not pay unnecessary insurance premiums.

Through these measures, the Morrison Government will ensure the superannuation system works harder for all Australians by reducing waste, holding underperforming funds to account and strengthening protections around the retirement savings of millions of Australians.

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