



COMBINED PENSIONERS AND SUPERANNUANTS ASSOCIATION OF NEW SOUTH WALES INC.

Founded 1931.

Serving pensioners of all ages, superannuants and low-income retirees.

Consumer Protection Awards – 2002, 2003, 2004

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MEDIA RELEASE

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Superannuation exit fees must be regulated

“Combined Pensioners and Superannuants Association of NSW Inc (CPSA) calls on the Federal Government to legislate against outrageous superannuation exit fees” said David Skidmore, spokesperson for CPSA.

“The Federal Government says it is committed to income security and financial choice for all Australians. Then how about cracking down on superannuation schemes that rip consumers off by demanding huge fees if they decide to take their money elsewhere?”

“According to reports some investors may forfeit up to two-thirds of their money in exit fees. *The Sydney Morning Herald* reported that AMP has charged exit penalties as high as 50 per cent on some accounts. The same report stated that a customer of Tower was charged \$12,600 to transfer \$30,000. This is less like a service fee and more like larceny!”

“This is a basic violation of a consumer’s right to take his or her business elsewhere. Few other service providers penalise customers if they no longer want their business. Banks, for example, do not charge customers 50 per cent of their investment if they want to take their savings accounts somewhere else. Why should superannuation funds get such a deal at the expense of consumers?”

“Exit fees have often been buried in a wad of information the consumer can’t comprehend. And it has been difficult for consumers to find a superannuation scheme that didn’t charge high fees or give information on their product in plain language.”

“The Australian Government must include in its superannuation legislation a clause that prohibits excessive fees on existing investments that erode what little savings low-income earners have – if it is serious about a just and fair retirement policy” said Mr Skidmore.

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