Super Update

November 2025

In this Issue

Changes proposed to Division 296 tax

On 13 October, the Treasurer announced a number of changes to the proposed Division 296 tax on earnings on super balances greater than $3 million. Importantly, the commencement date for the new tax will be deferred to 1 July 2026, so the tax will first be payable in respect of the 2026-27 financial year and the first tax assessment notices are now expected to be issued in the 2027-28 financial year.

The single threshold will now be replaced by two thresholds with different earnings tax rates:

- Total account balance over $10 million — new total tax rate on earnings (i.e. including the existing 15% earnings tax already deducted by the fund) on the balance over the threshold to be 40%
- Total account balance $3m-$10m — total earnings tax rate to remain at 30% on earnings on the balance between the two thresholds.

The two thresholds will now be indexed in line with increases in the CPI, in order to align with movements in the general transfer balance cap. This means that:

- The $3m threshold will be indexed in $150k increments
- The $10m threshold will be indexed in $500k increments.

Earnings will be based on the super fund's realised earnings on its taxable income, adjusted for elements such as contributions and pension phase earnings, with the calculations to be closely aligned to existing tax concepts. The ATO will calculate the member's total super balance and advise the super fund. Super funds will now calculate an appropriate share of the fund's realised earnings attributable to the member, based on existing reporting mechanisms or on a fair and reasonable basis (supported by guidance from the ATO). That information will be sent back to the ATO which will calculate the tax liability of the member and advise them.

There will be commensurate treatment in respect of individuals with defined benefits, but no details have yet been released on how this will be achieved. This will be the subject of further consultation with industry and other stakeholders, along with other implementation details. There was no mention, in the fact sheet released by Treasury shortly after the Treasurer's announcement, of any changes to how total super balance will be determined.

At the same time, the Treasurer announced changes to the Low Income Super Tax Offset (LISTO), commencing from 1 July 2027. The eligibility threshold for the offset will be increased from $37,000 to $45,000, although the new threshold will remain unindexed. The maximum payment will also increase from $500 to $810.

The changes to the LISTO are long overdue and are a welcome development, however, further information is needed on how the revised calculation of earnings will be performed and on how defined benefits will be treated. While the deferred start date of 1 July 2026 is welcome, this still leaves little time for the necessary systems and other changes given that those details are yet to be released, even in draft.

APRA's expectations of platform trustees on investment governance

In the wake of the failures of the Shield and First Guardian managed investment schemes and following a thematic review by the regulator, on 7 October APRA issued a letter to trustees who offer platforms setting out its expectations on investment governance.

The letter confirmed that while a platform trustee may not manage each investment option offered, they must exercise diligence ensuring the platform's investment menu as a whole is appropriate, and that each investment option is true to label, delivers value to members and is underpinned by robust decision making and good governance.

Examples of poorer practices identified by APRA included:

- Lack of clear consideration of how the option promotes the best financial interests of members
- A large reliance on external research and ratings agencies to approve a new option, with limited internal assessment of the information collected
- Lack of thorough consideration of potential and actual conflicts of interest across all stakeholders relevant to the operation and distribution of the investment option
- Lack of timely, comprehensive and objective reporting of key risk and performance issues across investment options, including instances of significant outperformance that could signal potential concern; as well as inconsistent monitoring of fee and performance metrics and lack of effective triggers to identify and respond to performance and/or risk concerns
- Discretionary approaches to remedial action and a lack of maturity in both remedial action and member transfer frameworks; approaches typically involve retaining underperforming options while closing them to new investments, resulting in members remaining in these options without resolution for extended periods.

APRA expects that platform trustees will:

- improve on-boarding practices, including in relation to trustee investment governance frameworks and policies, how they rely on external research and ratings, and identification and management of potential and actual conflicts of interest
- improve their monitoring of investment options, including in relation to trustee investment governance frameworks and policies, triggers, reporting and oversight
- improve oversight where outcomes for members are not being delivered, with clearly defined processes to ensure timely and effective remedial action.

APRA has confirmed that while there can be numerous parties involved in the distribution of products via platforms to members, platform trustees remain accountable for determining whether an investment option is suitable for inclusion on the investment menu and ensuring that the overall platform menu offering supports good outcomes for members. The letter includes an attachment setting out APRA's observations from its recent thematic review of platform trustees.

APRA now requires all platform trustees to, with reference to the letter:

- determine any and all required actions and timing to strengthen frameworks and practices
- consider whether they have breached the prudential standards and obligations and inform APRA accordingly
- review and confirm FAR accountabilities including with reference to the core duties and expectations outlined in the letter.

News in brief

Payday Super bills passed by parliament

The two bills to legislate the Payday Super changes were passed by the Senate on 4 November.

Several changes were made to the bills compared to the drafts released earlier this year. A contribution will now generally meet the employer's SG obligation if it is received by the employee's super fund within seven business days (rather than seven days) of payday, with some extensions (generally to 20 business days) including for new hires and where contributions need to be made to a different super fund for an employee (such as following a choice of fund election). As expected, employers of defined benefit employees will be deemed to have paid their contributions on time if they are covered by a benefit certificate. However, there will be changes to benefit certificates, which will now only apply to defined benefit members rather than all employee members of the employer. The conversion notice regime (under which accumulation funds are treated as deemed defined benefit funds to allow surplus to be used in meeting SG contributions for accumulation members) will continue, and it is expected that this regime will also be used to allow for contributions from surplus in respect of accumulation employees previously covered by the benefit certificate.

Some details will also be in regulations which, at the date of this Super Update, had not yet been released for consultation.

APRA observations on governance proposals

On 24 October APRA released a letter updating all regulated entities on its consultation from earlier in 2025 to revise its governance prudential standards. There were several changes relevant to super fund trustees:

- Originally APRA proposed a lifetime tenure limit of 10 years for non-executive directors at a single regulated entity. This will now be extended to 12 years, with short extensions permitted in limited circumstances. APRA has also clarified that the limits will apply at a specific entity, not to total service across different APRA-regulated entities
- APRA proposed that significant financial institutions (total assets of funds under trusteeship greater than $30b) and non SFIs under heightened supervision would be required to proactively engage with APRA on potential director appointments. APRA still considers this best practice but will not make it a legal requirement due to process and privacy risks
- APRA has clarified that it will not require entities to define requisite skills for each individual director role. However, entities will still need to have a credible and documented view of the board skills overall and skills that all board members must have
- APRA proposed to require regulated entities to consider perceived conflicts as well as actual and potential conflicts. Now this will be set in guidance only, having regard to risks posed by making it a legal requirement.

APRA's draft updates to its prudential standards are expected to be released in the second quarter of 2026. In the meantime, APRA will continue to engage with stakeholders over the coming months, via roundtables and bilateral meetings, to understand potential implications for regulated entities.

APRA insights on delivering member outcomes into the future

APRA has released a paper discussing challenges facing some super fund trustees in operational efficiency, growth, and competitive positioning. The paper, released on 2 October, discussed the dynamics shaping the ongoing evolution of Australia's super system. Those dynamics include:

- continuing industry consolidation leading to a reduction in the number of funds
- ongoing growth in the size of the super system, with recent growth concentrated in the largest funds
- expense ratios trending downwards at an aggregate level, but material differences across funds
- significant differences across funds in terms of natural cash flows and rollover dynamics.

APRA noted that the top five funds by assets are experiencing continued growth, increasing their market share of SG contribution flows and member account growth faster than their relative share of net assets. In contrast, funds outside of the ten largest funds have seen their relative share of SG contribution flows and member accounts decline. While this is not a concern of itself, it does highlight increasing competitive pressure across the industry.

The paper also identified an increasingly complex operating environment punctuated by a heightened number of cyber-attacks. APRA considers that this environment requires continuous investment in systems, capabilities and governance to meet both current and emerging challenges, but that this investment must be completed efficiently to avoid undue upward pressure on member fees.

APRA expects trustees to have effective strategic initiatives and business planning processes to ensure they are improving member outcomes over the medium to long term. Where trustees face multiple challenges, APRA considers it imperative they look to proactively drive better member outcomes. Such funds can expect ongoing engagement from APRA to ensure credible strategic plans are in place that focus on long term outcomes for members.

Genetic testing results in underwriting — draft banning legislation released

On 24 September, Treasury released draft legislation for consultation that will implement the government's intended ban on life insurers using genetic testing results when underwriting life insurance policies.

The ban will be enabled primarily via amendments to the Insurance Contracts Act (although there will also be amendments to the Disability Discrimination Act) and will apply to any policies that are life policies under the Life Insurance Act. It is therefore unclear from the draft whether the ban will apply to income protection policies that are written by general insurers.

There will be an exception to the ban where the policyholder (or their authorised agent or medical practitioner) volunteers the test and using it improves the policyholder's or a beneficiary's outcomes.

Consultation closed on 12 October.

ASIC feedback on super fund financial reports

On 30 September, ASIC released a report on its first review of super fund financial reports and audits from the year ending 30 June 2024. The review covered approximately half the funds that reported for that year.

Concerns identified included inconsistent approaches to disclosing investments, limited disclosure of sponsorship and advertising expenses and insufficient audit evidence obtained in the valuation of some investments. ASIC also found that, given the size of super funds, auditors adopted high levels of materiality which can result in less audit work being undertaken. Auditors also did not adequately challenge the valuations provided by external fund managers.

ASIC considers that:

- Trustees should do more to ensure that valuations provided by external fund managers are reliable
- Trustees should ensure their fair value disclosures are sufficient to enable members to understand the nature of the investments and assess the reliability of valuations
- Trustees should consider disclosing more information about expenses in the funds' financial reports where that information would be important to members; the review found that sponsorship and advertising expenses were not separately disclosed in the financials due to what ASIC called a "narrow, quantitative" approach to materiality
- RSE auditors should do more to obtain sufficient audit evidence about investment valuations
- RSE auditors should consider whether they should apply lower levels of materiality when conducting their super fund audits.

2025 performance test results

The 2025 performance test results were released by APRA on 29 August. All 52 MySuper products passed the test, along with all 374 non-platform choice products. Seven of the 137 platform products assessed failed, only two of which were open to new members.

APRA noted that a small number of platform trustee-directed products passed the performance test partly because rebates were applied. While this benefits members, APRA will engage with the relevant trustees to reinforce its expectation of sustained performance improvement.

APRA superannuation statistical publications released
Highlights of APRA's June 2025 Quarterly Superannuation Performance publication, issued on 27 August, included the following:

	June 2024 ($ billion)	June 2025 ($ billion)	Change (%)
Total Superannuation assets	3,943.0	4,330.1	+9.8
Total APRA-regulated assets	2,721.4	3,039.5	+11.7
Total self-managed super fund assets	997.0	1,051.8	+5.5

Total superannuation assets increased by 4.8% over the quarter to $4.3 trillion as at June 2025. Contributions increased by 14.1%, while benefit payments increased by 12.8% over the year.

APRA's MySuper statistical publication for the June 2025 quarter was also released on 27 August. This report contains data relating to product profile, asset allocation targets and ranges, investment performance and net returns, as well as fees and costs and some insurance premium data.

On 9 September, APRA released the June 2025 editions of its new series Quarterly Superannuation Product Statistics, Superannuation Industry and Fund-level Statistics publications:

- The Product Statistics publication lists all superannuation products offered by each APRA-regulated superannuation fund and the investment menus and investment options available through these products. It also includes granular information on fees and costs, investment performance, investment strategy and asset allocation for a range of products and investment options
- The Super Industry publication contains data on superannuation products, investment options, member demographics and industry investments by asset class
- The Fund-level Statistics publication contains detailed member demographic information and total fund investments by asset sector types for each APRA-regulated fund with more than six members.

Legislative update

Parliament is currently sitting for the last four days of 2025.

During the quarter, a private Senator's bill was introduced (the Superannuation Legislation Amendment (Tackling the Gender Super Gap Bill 2025) that would allow spouses to evenly split their superannuation balances on an ongoing annual basis via a rollover. This bill was introduced to the Senate (not the House of Representatives) and remains there as at the publication of this Super Update.

Since the last edition of Super Update, the following regulations relevant to superannuation have been made:

- ASIC has extended its digital disclosure relief via ASIC Corporations (Electronic Disclosure) Instrument 2025/447.

A guide to key changes

The dates that follow were correct as at the time of publication of this edition of Super Update.

Date	Change
1 Jan 2026	Commencement of section 29QC of the SIS Act.
1 Jul 2026	Commencement of Payday Super requirements.
1 Jul 2026	Commencement of climate-related financial disclosure obligations for group 2 entities including super funds.
1 Jul 2026	Proposed commencement of Division 296 tax – additional earnings tax on super balances over $3 million.
1 Oct 2027	Start date for publication of product dashboard for certain Choice products.
1 Oct 2027	MySuper product dashboard to be included in periodic statements.

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