Retirement Reporting Framework: feedback on the revised data collection

Aware Super Submission

9 October 2026

Issued by Aware Super Pty Ltd ABN 11 118 202 672 AFSL 293340

Feedback on the revised Retirement Reporting Framework

Thank you for the opportunity to provide further feedback on the revised Retirement Reporting Framework. We appreciate the significant changes APRA has made in response to earlier industry feedback, including the additional reporting guidance and worked examples. Following detailed review and testing of the revised requirements, we have identified three areas where further refinement or clarification would improve the interpretation and reliability of the reported data.

1. Inactive accumulation members

Current reporting approach

Section 1.2 of the draft Reporting Practice Guide for SRS 611.1 explains that Table 1, Column 11 collects the number of inactive accumulation members in each member cohort. A member is treated as inactive where they hold an accumulation account that has not received an amount, such as a contribution or rollover, during the previous 16 consecutive months. Where a member holds multiple accumulation accounts, those interests are assessed on a combined basis.

We understand that this definition reflects the established meaning of an inactive accumulation interest. Our concern is that the resulting measure may be interpreted as broader member inactivity or disengagement when it identifies only the absence of incoming amounts to an accumulation interest.

What the proposed reporting will and will not show

As Table 1 is segmented by account holdings, APRA will be able to identify the number of inactive accumulation members who also hold a pension account. Our analysis indicates that 12,503 of 48,206 members meeting the inactive accumulation definition also hold a pension account. These members remain technically inactive in relation to their accumulation interests, but they are not necessarily inactive at the overall member level because they continue to hold a retirement income account and draw retirement income from a retirement account.

A further limitation arises for members who hold an accumulation account but no pension account. Table 1 separately collects the inactive member count in Column 11 and the number of members making a lump-sum withdrawal from an accumulation account in Column 24. However, because these are separate aggregated measures, the return will not identify how many members appear in both counts.

Our supplementary analysis indicates that approximately 11,500 members without a pension account meet the proposed inactive accumulation definition while also having made a withdrawal from their accumulation account. This represents almost one-third of the inactive accumulation members who do not hold a pension account. These members have no reported inflows but are nonetheless actively accessing their superannuation. The scale of this overlap means the issue is sufficiently material to warrant further consideration.

Recommendation

Rather than changing the established inactive accumulation definition, we recommend that APRA add a new Table 1 count for "inactive accumulation members who made a lump-sum withdrawal". This could report the number of members included in Column 11 who also made at least one lump-sum withdrawal from an accumulation account during the specified period.

A separate count column would preserve the existing definition and cohort structure while allowing APRA to identify the overlap directly, without adding another cohort identifier and materially increasing the number of reported rows. It would also allow APRA to distinguish between members whose accumulation interests received no inflows but who remain active through withdrawals, and the residual population with

neither reported inflows nor withdrawals. The latter would provide a more useful, although not definitive, indicator of potential disengagement.

We also recommend that APRA align the measurement window for the new count with the 16-month period used for the inactivity test, or state clearly if withdrawals are to be measured only during the reporting period. Guidance and future publications should describe Column 11 as measuring inactivity of the accumulation interest, rather than inactivity of the member overall.

2. Balance utilisation where a member holds multiple pension accounts

Current reporting approach

The technical paper calculates Metric 3 by comparing the pension benefit at the start of the reporting period for members who died with the commencement balance of those pension accounts, using SRS 611.1 Table 3, Columns 7 and 6 respectively. The Reporting Practice Guide's treatment of multiple pension accounts requires the relevant commencement balances and start-of-period balances to be combined, while the years-pension-held category is determined by reference to the earliest pension commencement date.

This can produce a potentially misleading result where a member holds an older, substantially drawn-down pension and later commences a second pension with a relatively high remaining balance. The member may be placed in a long-duration category based on the first pension, while the utilisation calculation incorporates the newer pension's commencement and remaining balances. The combined result may therefore indicate relatively low utilisation for a long-duration pension member even though the original pension has been materially drawn down.

The number of affected members in our FY2025–26 testing was relatively small. However, we expect the scenario to become more common because, once an account-based pension has commenced, its supporting capital cannot be increased using further contributions or rollover amounts. Members wishing to move additional superannuation savings into retirement phase may therefore commence another pension rather than add those amounts to an existing pension.

Recommendation

We suggest that APRA consider adding a count to Table 3 identifying members who held more than one pension account. This would help APRA determine how frequently the balance-utilisation metric is affected by combining pensions commenced at different times and assess the materiality of this issue across the industry.

The count would also provide broader insight into the prevalence of multiple pension holdings and how these changes over time. This may become increasingly relevant because the capital supporting an existing pension cannot be increased through subsequent contributions or rollovers, meaning members with additional retirement savings may need to commence another pension account.

If APRA does not consider an additional count warranted, we suggest that any future reporting or analysis using this data highlight the potential interpretation issue. In particular, it would be helpful to explain that the years-pension-held category reflects the earliest pension commencement date, while the utilisation calculation may combine balances from pensions commenced at different times. This would reduce the risk of the metric being interpreted as measuring the utilisation of a single pension held for the full reported duration.

3. Drawdown rates for pensions commenced during the reporting period

Current reporting approach

Section 1.3.2 of APRA's Reporting Practice Guide requires payments from a pension commenced during the reporting period to be annualised. The total income-stream payments are divided by the number of days the pension was held during the reporting period, multiplied by 365 or 366 days, and then divided

by the pension's purchase price. Section 1.3.3 applies the annualisation methodology when a member holds multiple pension accounts.

This methodology can produce a calculated drawdown rate above 100 per cent, even where actual payments do not exceed the pension's purchase price. The issue arises because payments made over a short period are extrapolated as though they continued at the same rate for a full year.

Illustrative example

Consider a member who:

- commences a pension with a purchase price of $100,000;
- holds the pension for 90 days during the reporting period; and
- receives $30,000 in income-stream payments during those 90 days.

Under the proposed methodology:

1. Annualised payments would be:

   $30,000 ÷ 90 days × 365 days = $121,667

2. The reported drawdown rate would therefore be:

   $121,667 ÷ $100,000 = 121.7%

The member has actually received only 30 per cent of the pension's purchase price during the reporting period. However, annualising that short-period payment pattern produces a reported drawdown rate of 121.7 per cent.

This does not necessarily indicate an error in the underlying payment data. It reflects the assumption that payments made during the 90-day period would continue at the same rate for an entire year. Where a pension operates for only part of the year, particularly where it is substantially or fully exhausted during that period, the annualised rate may therefore be difficult to interpret as a measure of member drawdown behaviour.

This is important because APRA's technical paper uses the cohort-average drawdown rates reported in Table 1, Column 19 to calculate Metric 2, the average drawdown rate for pension members. Drawdown rates above 100 per cent may therefore affect cohort-level and fund-level results and could be misinterpreted if the effect of annualisation is not separately identified.

Recommendation

To address the potential effect of these outcomes on the usefulness and interpretation of Metric 2, we suggest that APRA consider retaining the annualisation methodology while capping the member-level drawdown rate used to calculate Column 19 at 100 per cent. This would preserve a consistent approach for pensions commenced at different points in the reporting period, while preventing short-duration pensions from producing rates that are difficult to interpret and may disproportionately affect cohort and fund-level averages.

To retain visibility of the underlying behaviour, APRA could also consider adding a count of members in each cohort whose calculated annualised rate exceeded 100 per cent and was therefore capped. This would allow APRA and industry to identify the prevalence of this member behaviour. It would also provide useful context for comparisons between funds and member cohorts.

For example, a pension commenced with $100,000 and paying $30,000 over 90 days produces an annualised rate of 121.7 per cent under the proposed formula. Under this approach, the member would

contribute a rate of 100 per cent to the cohort average and would also be included in the separate count of members whose calculated rate exceeded the cap.

If APRA retains the uncapped methodology, we suggest that future reporting clearly identify that rates above 100 per cent can arise from annualising payments from pensions held for only part of the reporting period. This would help avoid those results being interpreted as actual payments exceeding the pension's purchase price.

Conclusion

We support the objectives of the Retirement Reporting Framework and consider that these issues can be addressed without materially changing its overall design. The recommendations above would preserve the existing reporting concepts while improving APRA's ability to distinguish genuine inactivity from active drawdown behaviour, reducing the risk of misinterpreting balance utilisation for members with multiple pensions, and supporting the meaningful interpretation of drawdown-rate metrics for pensions commenced or exhausted part way through a reporting period.