



Dynamics of the Australian Superannuation System

The next 20 years to 2045



Australia's total superannuation assets are projected to **more than triple to over \$12 trillion in 2045 from \$4 trillion today.**

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Executive summary

In this twelfth edition of *Deloitte's Dynamics of the Australian Superannuation System – the next 20 years to 2045*, we model the components of the superannuation industry in Australia, project their growth, and comment on the market dynamics, demographic shifts, retirement incomes, and the possible asset allocation impact in respect of the Australian share market.

Growth and more growth

Total superannuation assets grew to \$4.0 trillion at 30 June 2025 and are projected to more than triple (in nominal terms) over the next 20 years. Since 2020, superannuation assets have steadily increased, which can be attributed to the increased level of compulsory contributions in conjunction with robust investment returns, despite the influence of geopolitical factors causing increased volatility in the short-term.

Consolidation and industry rationalisation

We continue to see ongoing consolidation within the superannuation industry. Fund rationalisation has accelerated in recent years, and we can expect 12 mega-funds (each with assets under management exceeding \$100 billion) within the next few years – with 10 already at this size as at 30 June 2025. As a result, a significant proportion of total member assets in the APRA-regulated market (i.e. excluding SMSFs) is held by the top funds, with 73% held by the top 10 funds and 97% by the top 25. While some smaller funds can remain viable, we anticipate they will offer specialist investments and/or a targeted or niche member proposition to differentiate themselves

from their larger competitors. We expect that, as this process evolves, funds which fail to reach sufficient scale or differentiate themselves will struggle to remain sustainable and survive.

We expect that there will be further rationalisation, with the few remaining corporate funds eventually moving into those public offer industry funds or retail master trusts that are already (or become) aligned with their industry or provide the flexibility to maintain their bespoke insurance arrangements.

Structural shifts

The Australian superannuation distribution landscape is undergoing a structural shift, with direct-to-consumer (D2C) channels becoming an increasingly important source of member flows. Regulatory reforms such as *Your Future, Your Super* and Stapling have weakened traditional employer-default inertia, while adviser market contraction is changing how they influence member acquisition at various life stages. At the same time, stronger digital capability, increased marketing sophistication and brand competition are enabling funds to acquire and retain members directly at greater scale.

This is challenging the long-held assumption that members are largely disengaged from superannuation, with evidence of greater switching propensity, more active comparison of funds and heightened expectations around digital experience, service quality and perceived value.

These changes are increasing competitive intensity and forcing funds to make more deliberate choices about where and how to allocate resources across their product offerings and service models, including in relation to distribution channels and member cohorts. Members who actively choose a fund

are likely to have lower tolerance for poor service, while younger and more digitally engaged cohorts are typically seeking more intuitive digital journeys, personalised communications, transparent fees and greater control over investments. The rise of self-directed investing, fintech influence, social media and Artificial Intelligence (AI)-enabled tools are creating new opportunities and risks, including a growing pool of unadvised platform clients that will require more scalable digital advice and self-service support.

Although D2C is growing, adviser-mediated platform flows remain material, which is driven by advisers increasingly focusing on higher-balance clients. Looking ahead, successful funds will need to manage a more complex and fragmented distribution environment spanning D2C, adviser, platform and employer-default channels. AI, advanced analytics and digital infrastructure will become increasingly important to acquisition, engagement and retention, while employer channels will remain relevant and can be strengthened through financial literacy and wellbeing initiatives that align with an employer's Employee Value Proposition (EVP).

Funds that combine strong brand positioning, sophisticated member segmentation, tailored member experiences, disciplined cost-to-serve management and adaptive operating models will be best placed to compete effectively, deepen member engagement and deliver sustainable growth in an increasingly technology-enabled and member-driven market.

Retirement income reforms

Retirement income policy and regulation are entering a critical phase as Australia faces a rapid increase in the number of retirees with materially higher superannuation balances. Against this backdrop, ASIC's 2025 Thematic Review and the APRA/ASIC 2025 Pulse Check found that, while many funds have strengthened their use of member data, retirement product design and engagement tools, the delivery of meaningful retirement outcomes remains inconsistent across the industry. Regulators continue to emphasise that stronger data capabilities, clearer member communications and more targeted assistance will be essential for trustees to fully meet the intent of the Retirement Income Covenant (RIC).

Treasury's Best Practice Principles and Retirement Reporting Framework further build on the RIC by encouraging funds to offer both account-based pensions and lifetime income products, design cohort-based retirement solutions, and provide guided support to help members make informed decisions. In this environment, funds that strategically invest in data, governance and agile operating models will be better positioned to demonstrate progress, innovate with confidence, and differentiate their retirement strategies in a highly competitive and tightly regulated market.

Immediate focus

The industry is shifting from a phase dominated by scale building and merger execution to one centred on demonstrating sustainable performance, member value and retirement effectiveness. Large funds are increasingly focused on post-merger integration activities, simplification of legacy operating models and the realisation of promised member benefits through lower costs, improved service and stronger net returns.

Operational efficiency is no longer viewed solely through an administrative lens. Instead, it encompasses investment operations, data governance, technology modernisation, advice delivery and end to end member journeys. At the same time, trustees face growing pressure to clearly evidence how scale advantages are being translated into better member outcomes.

Regulatory expectations are also becoming more data driven as well as risk and outcomes focused. Supervisory attention has shifted decisively from policy intent and implementation to evidence, traceability and demonstrable outcomes, elevating data management from an enabling function to a core regulatory and strategic capability.

“Australia’s super system continues to demonstrate extraordinary structural growth, driven by compulsory contributions and the power of compounding over time.”

Diane Somerville | Principal, Deloitte

As a result, the leading funds are prioritising stronger data governance, ownership and controls, including improved data quality, lineage tracking and reconciliation, as well as more automated, consistent regulatory reporting – particularly where growth through a merger has increased systems complexity. Increasing reporting demands across performance testing, expenditure governance, retirement outcomes and operational resilience are exposing weaknesses in legacy systems and manual processes.

Boards, in turn, are seeking fewer, clearer and more decision-enabling insights. This is driving a shift away from volume-based compliance reporting towards curated dashboards that integrate financial, operational, member and regulatory indicators, and support more active challenge and decision-making.

We expect the industry’s immediate focus to include:



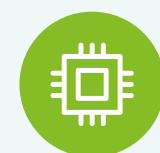
Acceleration of retirement income delivery

Moving beyond incremental pilots to scaled retirement offerings with clearer target cohorts, defined outcomes and explicit trade-offs. Retirement solutions will increasingly include bundled or staged solutions that combine income flexibility with longevity protection, supported by simplified member decision pathways.



More sophisticated data-led member segmentation

Leveraging behavioural data, balances, engagement signals and household context to tailor communications, investment options, retirement nudges and service models.



Expansion of scalable, technology-enabled advice models

Using emerging advice reforms to deliver more affordable, timely and targeted guidance, particularly for unadvised and near-retirement members, underpinned by strengthened governance and risk frameworks.



Strengthening operational processes

Addressing any persistent weaknesses in complex member interactions, particularly in areas that require judgement and/or coordination across multiple parties and systems such as insurance-related determinations (death and disability claims) or complaints.



Intensifying focus on cost-to-serve and value transparency

Refining pricing, service tiers and operating models to better align costs with member value as competitive and regulatory pressure increases.



Strengthened data and reporting capability

Investing in modern data platforms, controls and automation to support regulatory reporting, management information and member disclosures using consistent, auditable data. Regulatory reporting will have increasing emphasis on evidencing outcomes, accountability and governance, particularly in retirement.

Outlook

The dynamics of the retirement income system will continue to shift over the coming decades. Overall, the immediate period ahead is characterised by a shift from building scale to proving maturity. Funds that successfully integrate technology, data, advice and product design – while maintaining strong operational discipline and robust reporting – will be best placed to meet rising regulatory expectations, deepen member engagement and deliver sustainable growth and improved retirement outcomes.

We trust you will find this report useful and thought provoking and we look forward to discussing it with you as you consider the superannuation industry, your own needs and objectives, member outcomes, retirement strategies and product solutions, and the implications of our projections. We are available to present our findings and strategic perspectives to executive teams and Boards.

If you would like to obtain more detailed information on the market projections set out in this report to inform your business planning, we would be happy to discuss how we can support you.

Methodology

The Dynamics of Super Report is based on the SPROUT Super Model which has been developed by the Deloitte Actuaries & Consultants team. It references a combination of data collected by the Australian Bureau of Statistics (ABS), the Australian Prudential Regulation Authority (APRA), the Australian Taxation Office (ATO), the Association of Superannuation Funds of Australia (ASFA) and other public organisations and associations, together with research conducted by Deloitte.

The dynamic nature of the SPROUT Model, which calculates the future market for superannuation assets, in aggregate and within segments, is based on projected inflows and outputs from the system and enables sensitivity tests to be done using different rates for important variables.

These variables include the Superannuation Guarantee contribution rate, levels of voluntary contributions, administration and investment costs, rates of exercise of fund choice by individuals, income stream take-up rates, investment returns, inflation and salary growth, taxation on super, demographic trends, consolidation of superannuation accounts, estimated impacts of account stapling under *Your Future, Your Super* legislation, and latest migration targets.

The dynamics of the retirement income system will continue to shift over the coming decades.



Section 1

Market overview



Projected total superannuation assets

Total net superannuation assets in Australia are expected to increase to \$12.4 trillion by 2045.

Between June 2023 and June 2025, superannuation funds achieved strong positive nominal investment returns driven by improving investment market conditions, amid a challenging but improving economic climate including easing inflation and strengthening consumer spending. We saw the total value of net superannuation assets grow to \$4.0 trillion at 30 June 2025, an increase of 25% from \$3.2 trillion as at 30 June 2023.

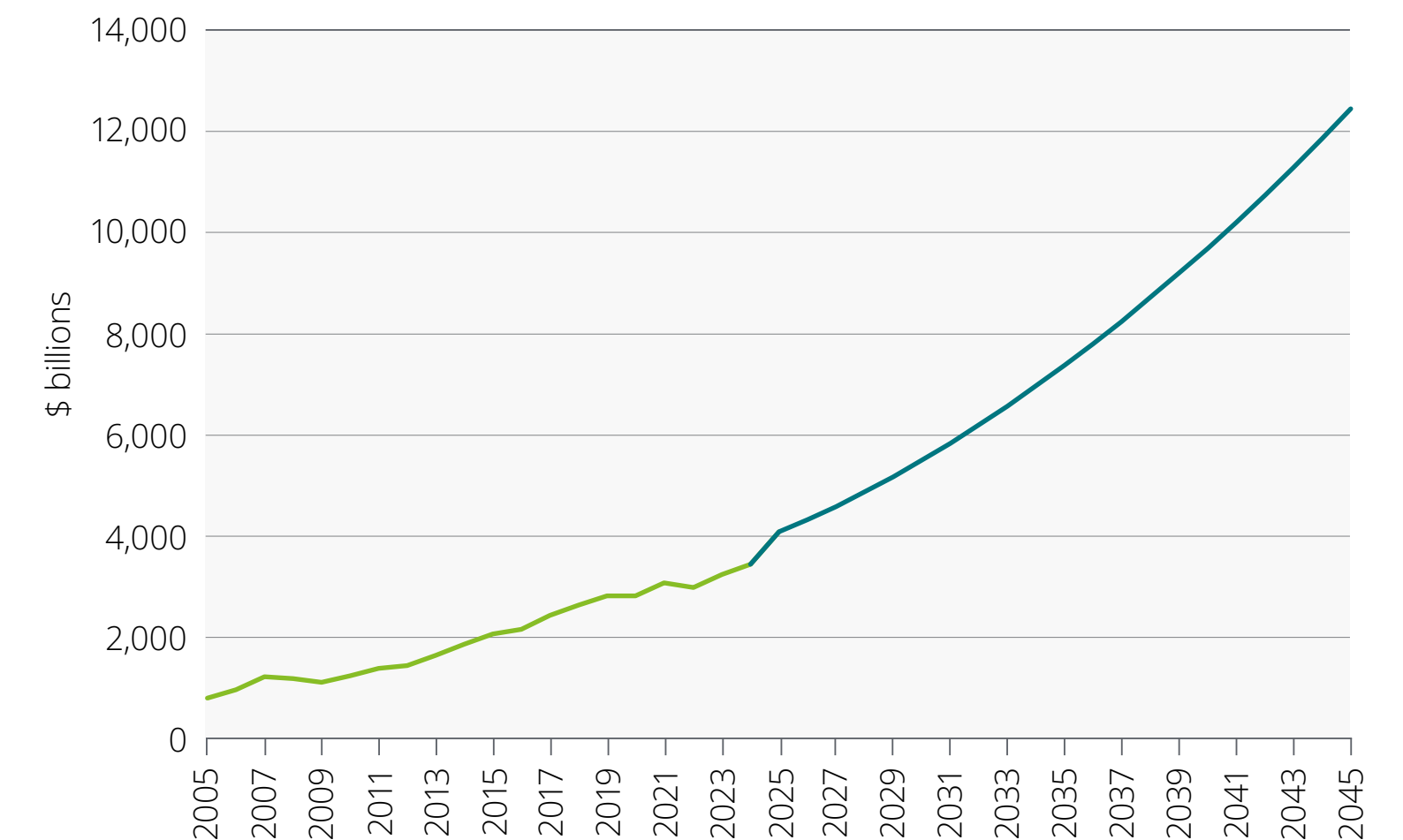
The base projections from the Deloitte Superannuation model (known as the SPROUT model) show that total net superannuation assets in Australia are expected to increase to \$12.4 trillion by 2045 (see **Figure 1**). This is equivalent to approximately \$7.5 trillion dollars in today's dollars and allows for the SG rate having reached the current legislative maximum of 12% since July 2025.

Average balances at retirement are increasing, driven both by strong investment returns and by members having received higher levels of superannuation contributions for increasing proportions of their working lives (noting that the SG was introduced from 1992, and Award arrangements applied prior to that). Post-retirement assets are also expected to grow as Baby Boomers move into retirement closely followed by Generation X. As a result of this we expect continuing strong growth in post-retirement assets over the next 20 years despite retired members drawing down their accumulated superannuation savings over time.

However, given that there are no maximum constraints on the pace at which members can draw down their benefits in retirement, if retirees draw down too quickly (e.g. to meet their needs in a low return environment), then the projected asset growth would slow, and commensurately, the call on the government for the age pension would be greater.

In our modelling for the *Dynamics of Superannuation* research, we have continued to assume that many individuals will reduce their rate of voluntary contributions following the SG rate increase to 12% from July 2025. However, the modelling has not allowed for any other changes in member behaviour which may result from the SG increase.

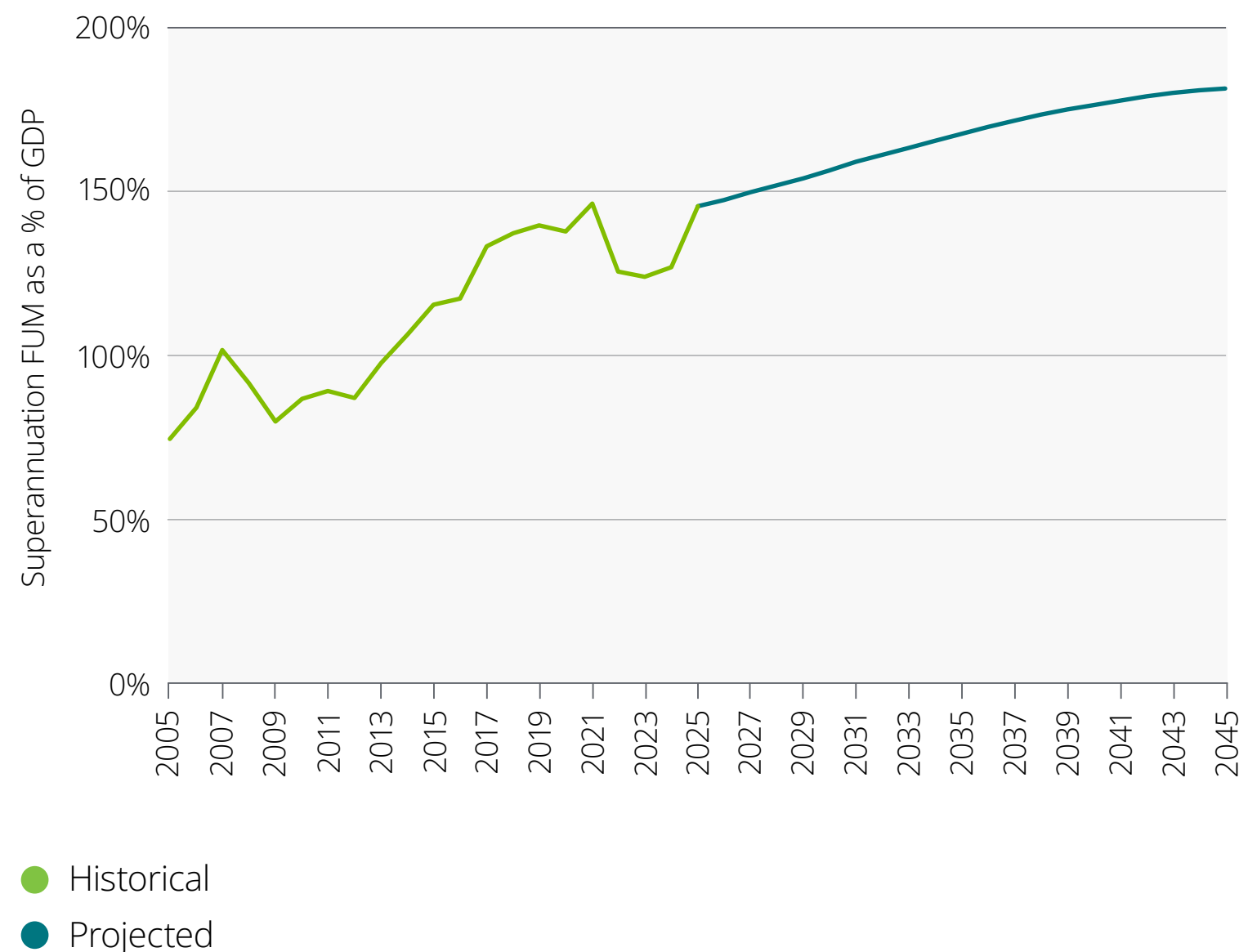
Figure 1: Projected superannuation assets
(All amounts are in future nominal dollars)



- APRA/ATO market statistics to June 2025
- Deloitte projections from July 2025

Source: APRA, ATO and Deloitte, 2026

Figure 2: Superannuation assets as a proportion of nominal GDP at 30 June



Source: APRA, ATO and Deloitte, 2026

Superannuation in the economy

To better understand the superannuation industry in the context of the Australian economy, *Figure 2* shows the relationship between total superannuation assets and Australia’s Gross Domestic Product (GDP) over the last two decades, and as we project into the future. The results demonstrate that:

- Superannuation assets have experienced strong growth in recent years, resulting in an increase in the relative size of the superannuation asset pool compared to GDP (as illustrated in *Figure 2*).
- The percentile relationship between total superannuation assets and GDP is sensitive to the fluctuations in actual investment returns for super assets year on year but, overall, there is a clear increasing trend over time.
- There is a long-term trend of growth in superannuation assets relative to GDP, although the rate of growth has slowed in recent years. We estimate that the trend will pick up again over the coming years, although growth rates will remain lower than in the past.

As well as growing in terms of total assets, superannuation funds are also growing their share of total financial system assets, aided by increases in the level of compulsory Superannuation Guarantee contributions and strong real returns being delivered in recent years, despite (or in spite of) economic uncertainties amid global conflicts.

This means

The increasing scale of the superannuation system, both in absolute terms and also relative to total financial system assets, together with its compulsory nature, has elevated expectations of fund performance and stewardship. This has, in turn, driven heightened scrutiny of investment outcomes, both in terms of comparative returns and peer-relative performance.

Application of APRA’s Annual Performance Tests for both MySuper and Trustee-Directed Products, and the public naming of funds that underperform the set performance benchmarks, has added a critical requirement for fund Trustees when considering their fund’s investment strategy. Growing super funds are diversifying their portfolios by moving into private market assets such as real estate, private equity, and infrastructure (e.g., toll roads and airports). Also, super funds are increasingly favouring passive investments for their core investment strategies due to cost-effectiveness and regulatory changes.



Dynamics of the superannuation industry

Contributions

Many members continue to pay significant additional contributions into their superannuation in the years approaching retirement. Accordingly the level of contributions remains strong year-on-year. As a result we anticipate that sizeable voluntary contributions will continue into the future, although there may be some reduction in future voluntary contribution rates due to the contribution caps.

Investment returns

Strong investment returns on superannuation assets continue to drive the growth of the superannuation industry over the medium to long term. Between June 2023 to June 2025, improved investment market conditions, easing inflation, strengthened consumer spending and an initial cessation of central banks' tightening cycles (although this has been followed more recently by renewed tightening in Australia due to inflationary pressures) supported positive market performance, enabling the majority of superannuation fund investment options to deliver favourable returns. These strong returns are an important component of the future growth of the industry as industry-wide net cashflows approach a negative position in the coming decade, reflecting the growing proportion of assets transitioning into the retirement phase and pension payments increasing.

This means

Superannuation is a long-term investment, so members should avoid being overly conservative in their working years, in order to maximise the impact of compounding returns. With retirement often spanning two decades or more, this principle also applies in the early years of retirement; investing too conservatively too quickly will materially impact the level of retirement income that can be achieved.

Trustees account for this ability to withstand the short-term volatility inherent in growth-oriented portfolios when setting MySuper portfolios in order to achieve higher long-term average returns. It should also be considered by members making an investment choice. It is also important that members do not over-react to short-term market falls, which can crystallise losses and lead to missing the upside of a subsequent recovery.

Ongoing regulatory change

Change is not foreign to the Australian superannuation system and there have been many refinements since the Superannuation Guarantee system started in 1992. Key legislative items which are currently shaping the industry include:

- 1 Payday Super, commencing from 1 July 2026, is aimed at improving retirement outcomes for individuals by aligning super payments with wage cycles. Under the new framework, employers are required to pay employees' superannuation guarantee (SG) contributions at the same time as wages are paid, replacing the current system which allows contributions to be made quarterly. This change ensures that workers, particularly those in casual or part-time roles, benefit from more frequent contributions, increasing transparency and reducing the risk of unpaid super.
- 2 In late November 2025, the Government introduced new legislation¹ that establishes a framework around how superannuation products can be advertised during the employee onboarding process, with the overall goal of protecting employees from being unduly influenced into making uninformed or inappropriate superannuation fund choices.

1. Treasury Laws Amendment (Supporting Choice in Superannuation and Other Measures) Act 2026. Retrieved from <https://www.legislation.gov.au/C2026A00012/asmade/text>

- 3 As part of monitoring the implementation of the Retirement Income Covenant (RIC), ASIC released the thematic review *From superficial to super engaged: Better practices for trustee retirement communications* (2025 Thematic Review) which provides observations of good and poor communication practices across Registrable Superannuation Entities (RSEs) and encourages trustees to enhance their retirement communications to improve member engagement. The key findings from this review are as follows:
- There is a lack of urgency in improving member communications, with some trustees not having implemented changes to retirement communications identified from the 2024 Pulse Check.
 - Strong data, research and benchmarking capabilities coupled with robust governance enable trustees to deliver more effective retirement communications.
 - Retirement communications should be enhanced to consider the needs of First Nations, vulnerable and culturally and linguistically diverse members.
 - APRA and ASIC also continue to monitor the progress of the RIC implementation by conducting pulse checks that request RSE licensees to provide updates on improvements made and planned across the three core areas of the covenant:
 - Understanding members' needs
 - Designing fit-for-purpose assistance
 - Overseeing strategy implementation.
- 4 On 28 February 2023, the government announced a new tax, Division 296 – Better Targeted Superannuation Concessions, intended to reduce the superannuation tax concessions available to individuals whose total superannuation balance exceeds \$3 million. In October 2025, the government announced significant updates to its Better Targeted Superannuation Concessions policy in response to stakeholder feedback. These adjustments include:
- Introducing a second threshold to better target super concessions on balances above \$10 million (in addition to the originally announced threshold of \$3 million)
 - Indexing the large balance thresholds of \$3 million and \$10 million
 - Moving to a realised earnings approach that aligns to existing income tax concepts.
- 5 On 21 March 2025, the Government released the next component of its Delivering Better Financial Outcomes (DBFO) reforms, which has been colloquially referred to as 'Tranche 2A' within the financial services industry. The proposed Tranche 2A legislation introduces the following changes:
- Providing clarification on what types of advice can be collectively charged for via superannuation
 - Allowing superannuation funds to provide nudges and targeted prompts to members to drive greater engagement with superannuation at key life stages
- Replacing the Statement of Advice (SOA) with a more streamlined Client Advice Record (CAR)
 - However, the draft Bill left out two significant reforms that were previously expected to be included in Tranche 2:
 - The proposed changes to the best interests duty, including removing the safe harbour provisions
 - The establishment of a new class of adviser (NCA), with lower education requirements, limited to advising on simple topics.

Data management and reporting

Regulatory expectations on superannuation funds are becoming more exacting, data-driven and outcomes-focused.

Supervisory attention has shifted decisively from policy intent and implementation to evidence, traceability and demonstrable member outcomes, particularly in areas such as performance, retirement income delivery, expenditure governance and operational resilience.

APRA and ASIC increasingly expect trustees to show not only that frameworks exist, but that they are embedded, consistently applied and supported by high-quality data and reporting. This is elevating data management from an enabling function to a core regulatory and strategic capability.

Key areas of immediate focus include:

- Regulators are placing greater emphasis on how trustees demonstrate compliance in practice, particularly under the *Your Future, Your Super* member outcomes test, the Retirement Income Covenant, and expenditure and fee governance in accordance with members' best financial interests. Funds must be able to evidence decision-making, trade-offs and member impacts using robust, auditable data rather than relying on narrative explanations alone.
- As regulatory reporting, internal management information and public disclosures increasingly draw on the same data sources, funds are investing in improved data ownership, controls, quality assurance, lineage tracking and reconciliation. Clear accountability for critical data elements is becoming essential to support consistent reporting to APRA, ASIC, Boards and members.
- APRA's expanded data collection regime, enhanced performance testing, expenditure reporting, and retirement-related disclosures are materially increasing the volume, granularity and frequency of required reporting. This is exposing weaknesses in legacy systems, manual reconciliations and fragmented data architectures, particularly in funds that have grown through merger.
- Treasury's Retirement Reporting Framework, Best Practice Principles and regulator guidance are driving greater focus on how funds articulate retirement objectives, strategies and outcomes in a clear and comparable way. Funds are being challenged to link retirement product design, cohort segmentation, support tools and member behaviour to measurable outcomes, supported by credible metrics and reporting.
- Heightened expectations under CPS 230 are reinforcing the need for integrated risk, incident and service provider data to support stress testing, scenario analysis and accountability. Data resilience, cyber security and third party risk management are increasingly intertwined with regulatory compliance.
- As regulatory data demands increase, Boards are seeking fewer, clearer and more decision-enabling insights. This is driving a shift from compliance-driven reporting packs to curated dashboards that integrate financial, operational, member and regulatory performance indicators.
- In response, leading funds are prioritising data platform modernisation, automation of regulatory reporting, and the use of advanced analytics and AI to improve data quality, reduce manual effort and identify emerging risks and opportunities more rapidly. Over time, funds that treat regulatory data as a strategic asset – rather than a compliance cost – will be better placed to respond to supervisory scrutiny, support innovation in retirement solutions, and maintain trust with members and stakeholders.

Financing members' retirements

We have modelled the value of superannuation assets held, split between the pre-retirement and post-retirement phases of the system. This is especially pertinent given the application of the Retirement Income Covenant and increasing concern over the demographic challenges presented by an ageing population.

Figure 3 illustrates the projected assets in accumulation (pre-retirement) and pension (post-retirement) phase. Post-retirement assets comprise tax-exempt balances (that is, assets supporting retirement phase pensions).

“The question is no longer whether the system can build balances, but whether it can convert those balances into simple, effective and reliable retirement income.”

Andrew Boal | Partner, Deloitte

Post-retirement pension assets

These represent a significant and growing pool of assets in their own right. The tax-free status of investment earnings on assets backing pensions (up to relevant caps) continues to be a major factor encouraging this growth.

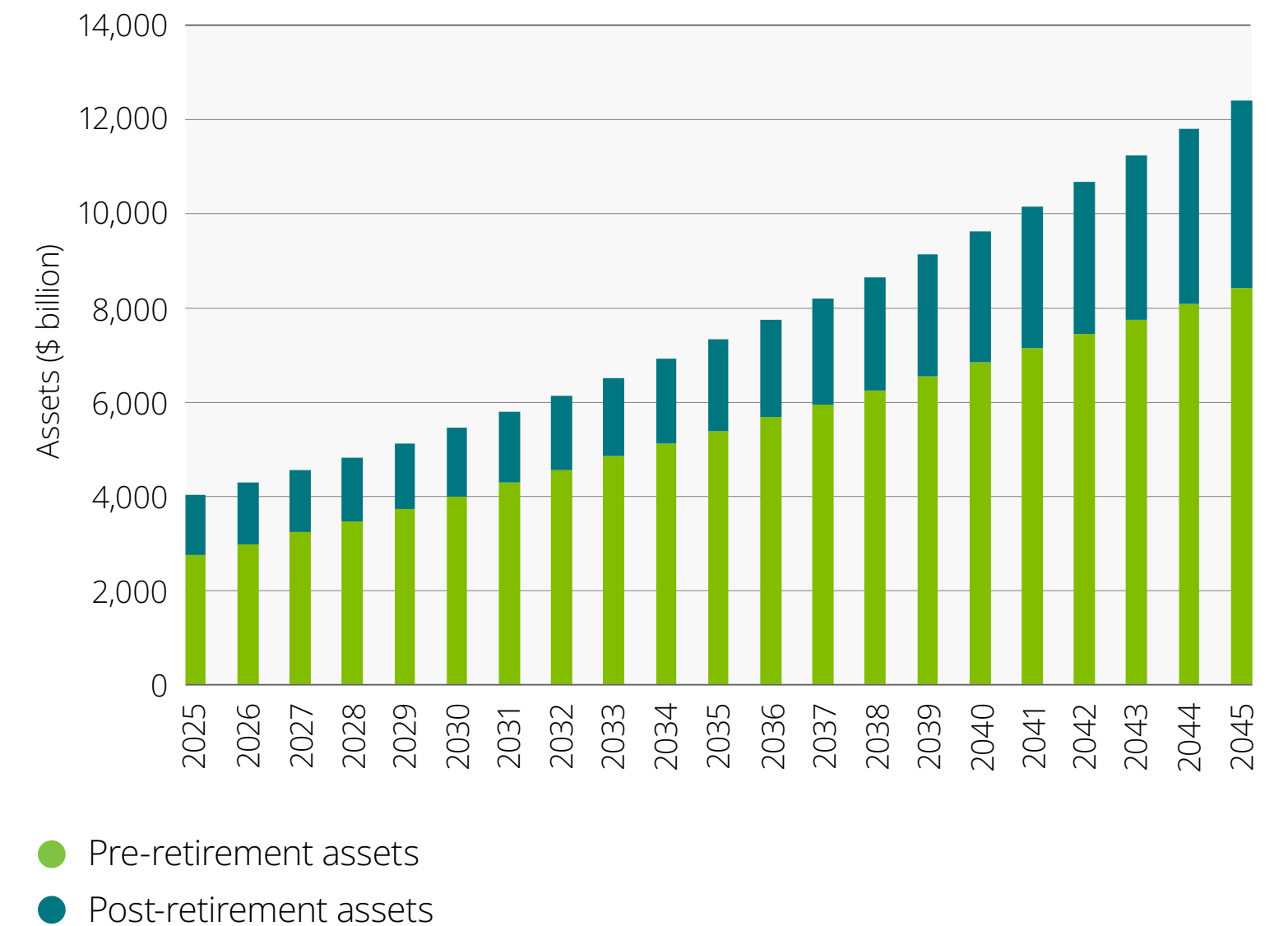
Following on from the continued growth of post-retirement assets, there has been an increased focus on the retirement, or drawdown, phase of super. This has led to product innovation that aims to improve retirement outcomes for members. We have observed that the following three product trends have gained traction in the retirement space, with funds vying to enhance their current offerings to improve their competitive position:

- Lifecycle investment strategies that maintain higher exposures to growth assets for longer
- Pension transfer bonuses
- Innovative retirement income streams, including in the accumulation phase.

Generational change

Each subsequent generation is building larger real superannuation balances, underpinned by longer periods of their working lives covered by the compulsory SG system and higher SG rates than in the past. As final balances grow, increasingly higher proportions of members will take their benefits as an income stream by gradually drawing down their balance over time – although the desire to avoid outliving their savings, coupled with concerns about healthcare and aged care costs, drives many Australians to err on the side of caution when choosing their super drawdowns.

Figure 3: Projected superannuation assets



Source: Deloitte, 2026

This means

Retiring members face a critical challenge: optimising their superannuation drawdowns. They must balance the imperative to avoid outliving their savings due to increasing longevity with the desire to maintain their desired lifestyle, ensuring they do not live unnecessarily frugally.

The subjective nature of retirement adequacy is underscored by significant discrepancies in industry benchmarks. Super Consumers Australia, for example, estimates that homeowner couples require \$432,000 in super and \$322,000 for a single homeowner to sustain a medium spending level (where about 67% to 70% of their spending is covered by the Age Pension) until age 90, factoring in their entitlement to Age Pension. These figures are substantially lower than the Association of Superannuation Funds of Australia (ASFA) figures which calculate that a comfortable retirement means having \$730,000 in super for couples and \$630,000 for singles.

These differences reflect fundamentally different assumptions around housing, consumption smoothing, longevity and Age Pension reliance, rather than disagreement on outcomes. They highlight the limits of single benchmarks and reinforce the importance of contextualised guidance rather than universal targets.

Given these complexities, superannuation funds are increasingly recognising the critical role of help, guidance, and advice in driving member engagement and improving retirement outcomes. The sector's shift towards personalised, member-centric strategies reflects evolving expectations for tailored services that address individual financial circumstances, life stages, and goals. This trend is underpinned by advancements in technology, heightened regulatory scrutiny, and an industry-wide emphasis on delivering measurable value to members.

Looking to the near future

As Baby Boomers move into retirement, closely followed by Generation X, there will be significant growth in post-retirement assets. However, it appears that there will also be sizeable leakage from the superannuation sector. We anticipate a considerable proportion of benefits will continue to be withdrawn as lump sums, either at retirement or as ad-hoc withdrawals from account-based pension accounts, rather than using superannuation balances solely to provide a regular income stream over an individual's remaining lifetime.

Sequencing risk

The intentions, and ultimately, actions of members in choosing how they will take their superannuation benefits have major implications for asset allocation.

In post-retirement, members are generally less able to withstand the impact of negative returns and are more exposed to sequencing risk around the timing of withdrawing their benefit. Likewise, as pre-retirement members reach the final years of their working lives, they will also be less prepared to accept negative returns and will seek to reduce the risk of a sudden material drop in their savings as they enter retirement.

This means

We expect both post-retirement members, and members on the cusp of retirement, to place greater importance on capital and income protection than younger members with decades remaining to retirement.

On the other hand, these members must also balance the risk of underperformance if they move too quickly to a conservative investment allocation, given the period in retirement may extend more than 20 years beyond their retirement date.

A bucket strategy is a popular approach to help retirees balance income stability with long-term growth while reducing the risk of running out of money. It works by dividing retirement savings into separate 'buckets' based on time horizons and risk tolerance.

One common approach is a three-bucket strategy whereby:

- **'Short-term bucket'** (1-3 years, say) covers immediate living expenses and short-term needs, and is held in cash or short-term bonds or term deposits. This provides stability and quick access to funds without worrying about market fluctuations.
- **'Medium-term bucket'** (3-7 years, say) replenishes the short-term bucket when needed, and is invested in a conservative to balanced asset mix to generate moderate growth while keeping volatility lower than long-term investments.
- **'Long-term bucket'** (7+ years) holds the remainder of the member's balance and is invested in a diversified mix of growth-oriented investments, designed to grow wealth to support later stages of retirement. The medium-term bucket is replenished from the long-term bucket when markets are favourable.

The use of lifecycle types of asset allocations in many MySuper offerings (that is, those more heavily weighted to growth assets at younger ages and gradually becoming more conservative as the individual ages over time) is in response to this trend. Likewise, there is an increased application by super funds of lifecycle investment designs which continue through retirement, not just up to the point of retirement.

Product cohorts

No single retirement strategy suits all individuals. Effective retirement planning demands a nuanced approach, as retirees typically fall into distinct cohorts based on their superannuation balances, each presenting unique challenges and opportunities:

- **Small balances:** Individuals in this cohort often deplete their superannuation rapidly, leading to early and sustained reliance on the full Age Pension for income support.
- **Moderate balances:** While possessing reasonable savings, this group may still face the risk of outliving their capital, necessitating Age Pension supplementation, particularly if they need to draw down their balances more quickly to meet their living costs or if they live longer than expected.
- **Significant balances:** These individuals are typically self-sufficient, relying predominantly on investment income to fund their retirement, and are likely to receive no Age Pension in their early years. However, as their assets reduce in later retirement years due to drawdowns over time, they may become eligible for a part Age Pension at more advanced ages.

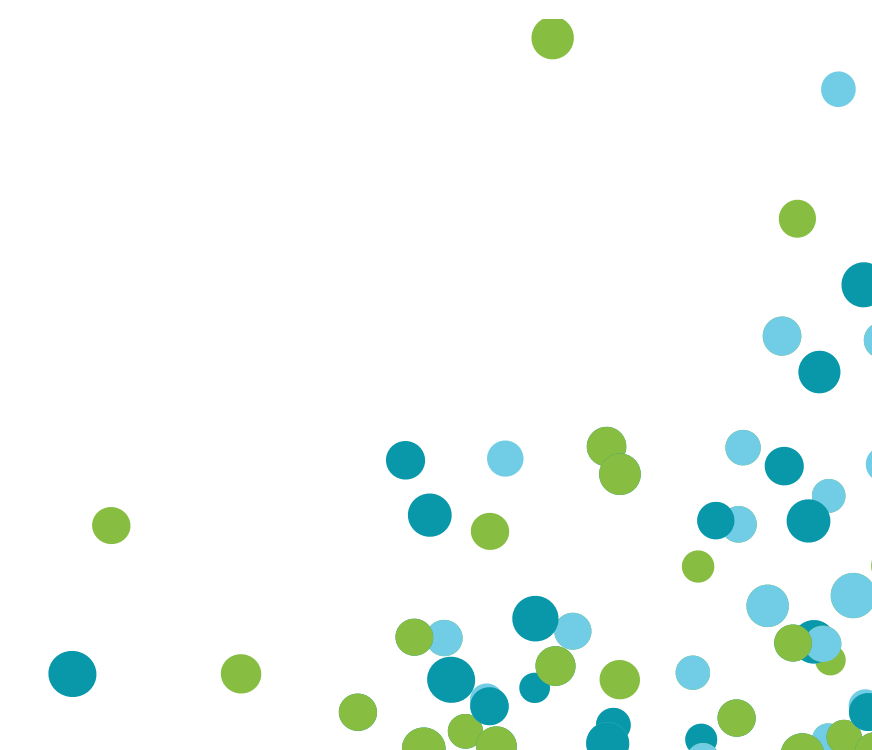
This means

Understanding these diverse financial realities is not merely beneficial; it is a regulatory imperative. Trustees are required to conduct granular cohort analysis for Member Outcomes Assessments and to develop comprehensive retirement income strategies under the Retirement Income Covenant. This mandate creates both a challenge and a significant opportunity for the industry to innovate. With approximately 3 million Australians transitioning from accumulation to retirement in the next decade, developing tailored, yet simple, retirement solutions that align with retirees' varied motivations, fears, and preferences becomes critical.

The interplay between superannuation and the Age Pension is further complicated for those retiring before Age Pension eligibility. Such individuals often draw down superannuation more rapidly in their early retirement, resulting in a lower balance at Age Pension age and increased reliance on government support later in life. This highlights a systemic challenge for the Australian retirement system, necessitating a holistic approach.

It is therefore important to consider the interaction between the Age Pension eligibility age and superannuation preservation age as part of the Australian retirement system overall.

Integrating superannuation, the Age Pension, and home equity release – through options like reverse mortgages, the government's Home Equity Access Scheme, or downsizing – offers enhanced financial security for individuals. We anticipate a growing adoption of these integrated, tailored strategies to optimise retirement outcomes, requiring sophisticated advice and guidance to navigate their complexities.



Section 2

Components of the market



Merger activity

Consolidation continues across the superannuation industry, with mergers increasingly driven by competitive pressures and the emergence of mega-funds leveraging scale advantages to concentrate assets and member flows. Mega-funds – those with assets under management exceeding \$100 billion – benefit from large asset bases and substantial contribution inflows and continue to outperform most smaller competitors in terms of net cashflow generation.

These dynamics continue to have material implications for industry stakeholders. Trustees of smaller funds face mounting pressure to consider mergers, successor fund transfers or other strategic partnerships, while larger funds are increasingly challenged to balance further growth ambitions with rising operational complexity, regulatory expectations and the consistent delivery of strong member outcomes. For fund executives, prioritising scalable yet efficient operating models, transparent communication, robust data capabilities and innovative approaches to member engagement will be critical in navigating this evolving landscape.

Account consolidation

In parallel, account consolidation has continued at pace, driven by a combination of market behaviour and legislative settings. Key drivers include:

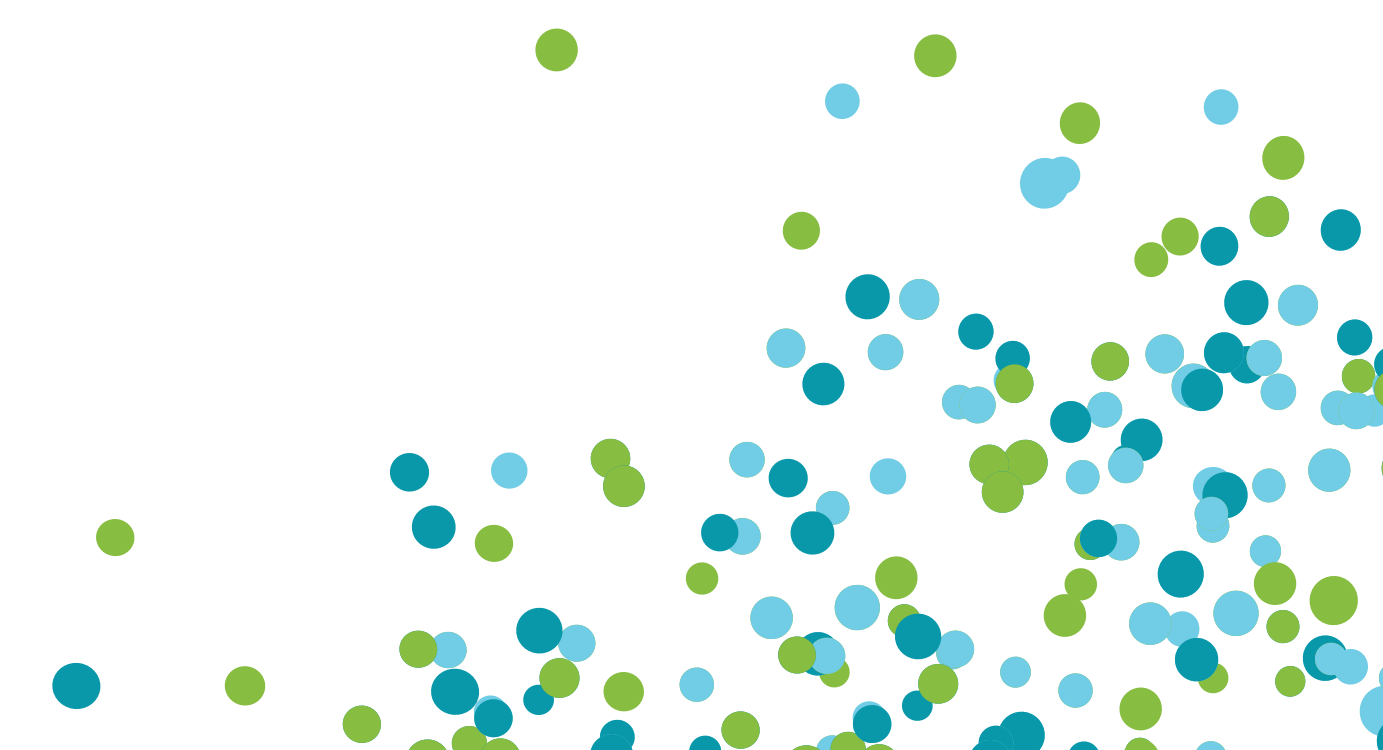
- Funds and financial services providers proactively encouraging members to consolidate multiple superannuation accounts
- The ATO's ongoing role in providing visibility through the myGov platform, enabling individuals to identify multiple accounts and initiate consolidation into their preferred fund
- The reporting and transfer of Unclaimed Superannuation Monies (USM) to the ATO, including inactive low balance accounts, small or insoluble lost member accounts and trustee voluntary payments, which the ATO seeks to proactively match to active accounts where possible.

Stapling

The 'Stapling' measures under the *Your Future, Your Super* reforms now form a core structural feature of the system. Individuals commencing a new job who do not actively nominate a superannuation fund will have contributions directed to their existing stapled fund, as advised by the ATO.

In response, employers, payroll providers and funds have been required to make material changes to onboarding and contribution platforms, including deeper integration with ATO services, real-time stapled fund look-ups and redesigned digital onboarding journeys. These changes have reduced the automatic creation of new default accounts, shifted control earlier in the hiring process, and increased the importance of clear, digitally enabled member choice at commencement.

While there remain practical and operational complexities in how stapling operates – particularly around data matching, exception handling and user experience – its overall effect has been to reinforce account consolidation, reduce new default account creation and materially reshape competitive dynamics for fund member acquisition.



Market share by major segments

Australia's superannuation assets have continued to grow.

Australia's compulsory superannuation system means that overall superannuation assets have continued to grow recently, both in respect of contribution inflows exceeding benefit outflows, as well as robust investment returns. However, increased switching activity, including the impacts of the *Your Future, Your Super* reforms and stapling, have resulted in some funds experiencing significant outflows.

Figure 4 shows the movement of total assets in each segment from 2005 to 2025 compiled from APRA and ATO data and the Deloitte SPROUT Model's projected movement from 2025 to 2045. Some highlights from these projections include:

 **Growth:**

Each of the dominant fund sectors (Industry, Retail and SMSFs) are expected to grow significantly over the next 20 years. Within this set, Industry funds are expected to grow at a rate above competitors due to their strong current positioning and lower fees on average.

 **Industry funds:**

Industry funds have continued to consolidate their position within the superannuation system, with fund mergers becoming increasingly commonplace and materially reshaping market structure. These mergers, alongside strong and sustained default contribution inflows, have increased the market share of the industry fund segment and accelerated the concentration of assets among a small number of very large funds. As a result, a growing proportion of the APRA-regulated market is now controlled by a limited number of mega-funds, many of which are operating at or beyond \$100 billion in assets. Looking forward, industry funds are expected to retain a structurally strong position, but differentiation will increasingly be driven not by scale alone, but by the ability to efficiently deploy scale – through superior data capability, digital engagement, retirement solutions and disciplined cost-to-serve management.

 **Retail funds:**

The retail sector experienced a prolonged period of contraction, driven by heightened scrutiny of member outcomes, comparatively higher fees, reputational damage following the Hayne Royal Commission, adviser reforms centred on clients' best interests, and weaker relative performance when compared with large industry funds. In recent years, the sector has shown signs of stabilisation, however this recovery has been uneven and structural in nature. Traditional retail superannuation funds and legacy master trusts have continued to face net outflows, while adviser-led platform providers such as HUB24, Netwealth and Macquarie have

emerged as a key growth segment within the retail market. The platform segment has experienced increasingly concentrated retail superannuation growth, even among some of the traditional retail providers, reshaping competitive dynamics and reinforcing a divergence between platform-based retail models and traditional retail master trusts.

 **SMSFs:**

SMSFs remain a preferred vehicle for many wealthier Australians, reflecting the combination of concessional tax treatment, flexibility of investment choice and a high degree of control. However, while these attributes remain attractive, we expect the SMSF sector's share of total superannuation assets to gradually decline over the next two decades. This expectation reflects several structural factors. The existing SMSF population is skewed towards older cohorts, and as these members transition into retirement, SMSFs are expected to commence material drawdowns, reducing aggregate balances over time. At the same time, contribution caps and transfer balance limits have significantly constrained the ability to accumulate very large super balances on a tax-advantaged basis, limiting the emergence of new, very large SMSFs even among high-wealth individuals. This trend is expected to be reinforced by ongoing improvements in the scale, cost efficiency, investment capability and retirement offerings of large industry and retail funds (especially the platforms), which are increasingly narrowing the historical advantages of SMSFs for some members. While 85% of SMSF members are aged 45 or older, there is an emerging trend for more SMSFs to be established by 35-44 year olds seeking greater choice and control.

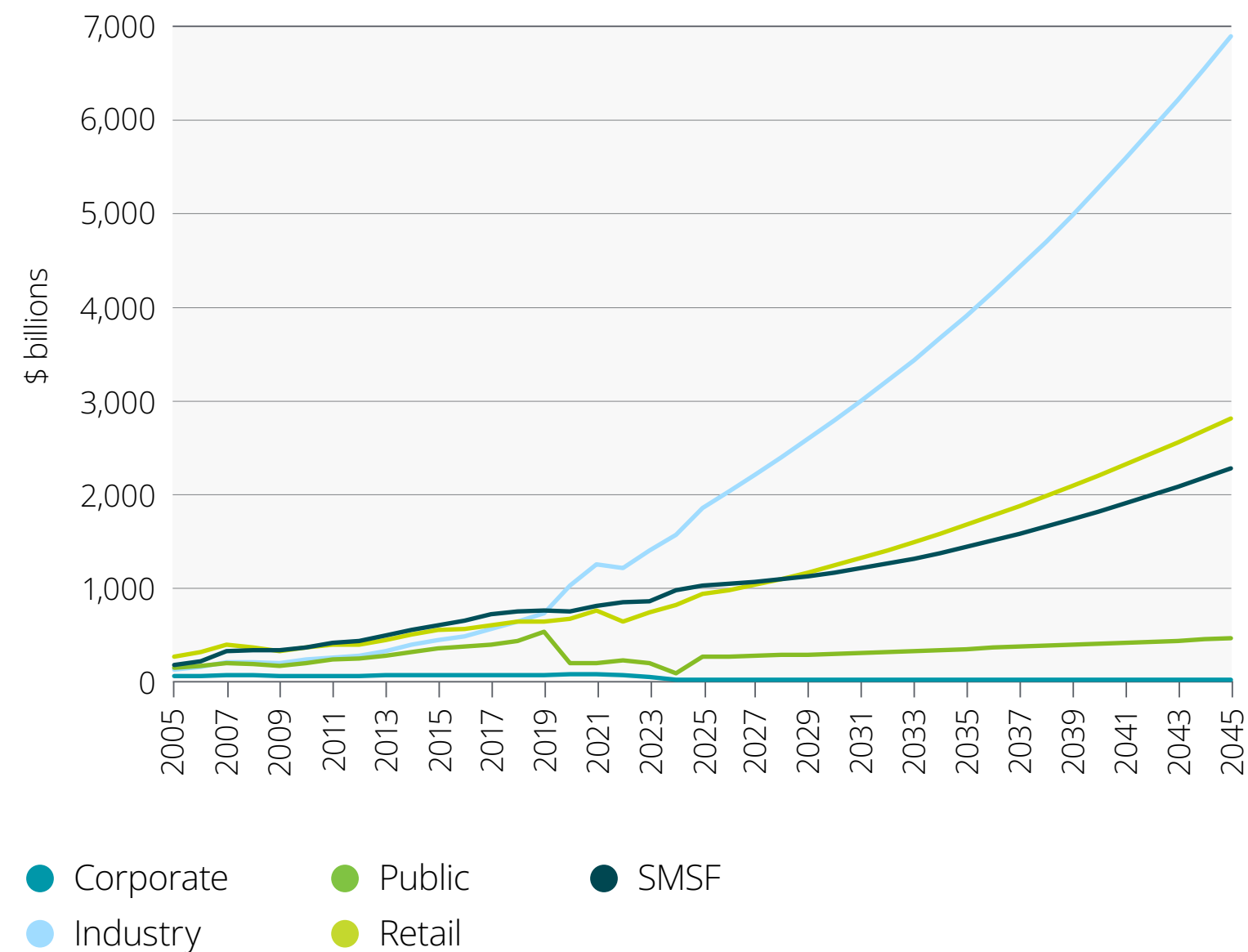


Public sector and corporate funds:

We expect the remaining Public Sector superannuation funds to continue to grow over the coming years, albeit at a slower pace and increasingly concentrated in accumulation rather than retirement assets. While public sector funds will continue to benefit from ongoing contributions for active members, their overall asset growth is expected to moderate as mature membership profiles, benefit payments and scheme specific funding arrangements increasingly offset inflows.

In contrast, the Corporate superannuation sector – already operating from a very small base – is expected to continue its structural decline. Restricted membership, limited capacity to attract new entrants, and the operation of Stapling under the *Your Future, Your Super* reforms significantly limit the creation of new corporate fund accounts. As a result, remaining Corporate funds are expected to progressively merge into larger industry or retail arrangements, or transition members via successor fund transfers, leading to the effective disappearance of standalone corporate funds.

Figure 4: Superannuation assets by market segment



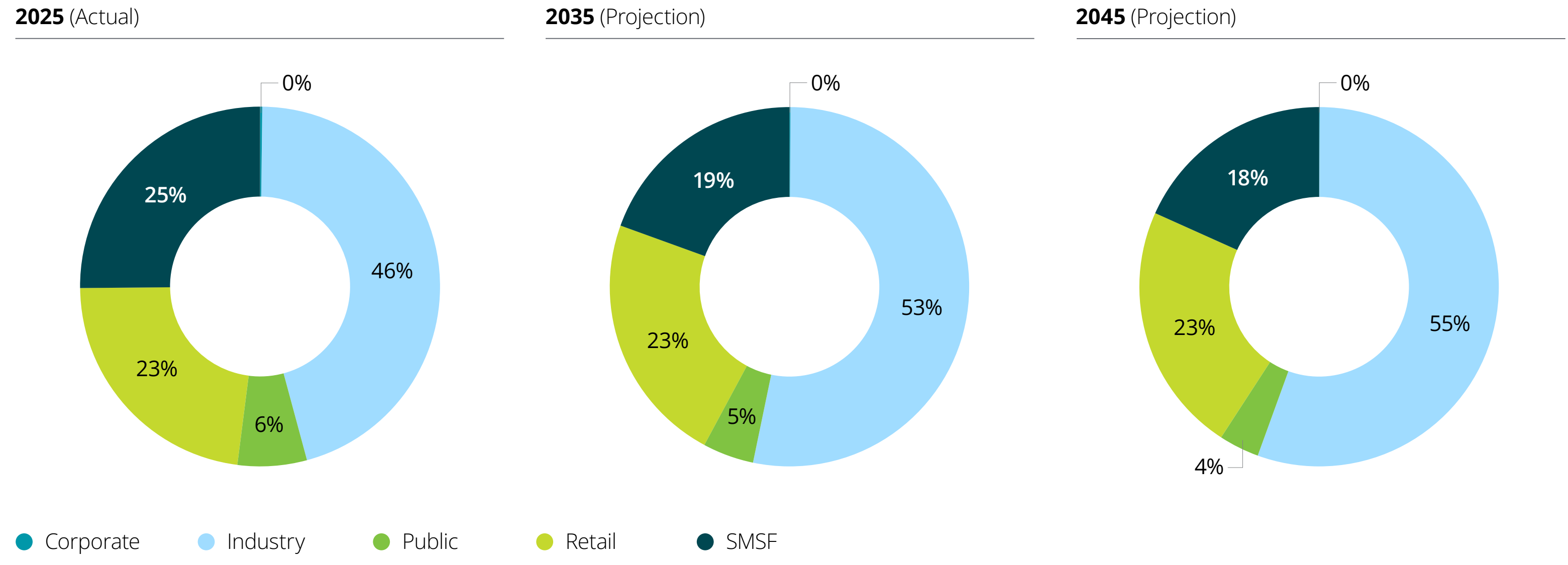
Source: APRA, ATO and Deloitte, 2026

Figure 4 shows a disconnect in the lines for Industry funds and Public Sector funds, due to a reclassification by Deloitte (particularly in 2020) of some large funds as Industry funds that were previously regarded as Public Sector funds.

Assumptions

These projections assume no changes in the current legislative environment applying to superannuation. We note that given the significant debate in the market and within government around the level of tax concessions and product structures for superannuation, and numerous reviews (Financial Services Inquiry, Productivity Commission Inquiry into Competitiveness and Efficiency of Australia’s superannuation system, Hayne Royal Commission, and the Retirement Income System Review), further change is possible. Nevertheless, as any future changes are still hypothetical and unpredictable, we have not taken any potential changes into account for the purposes of this report.

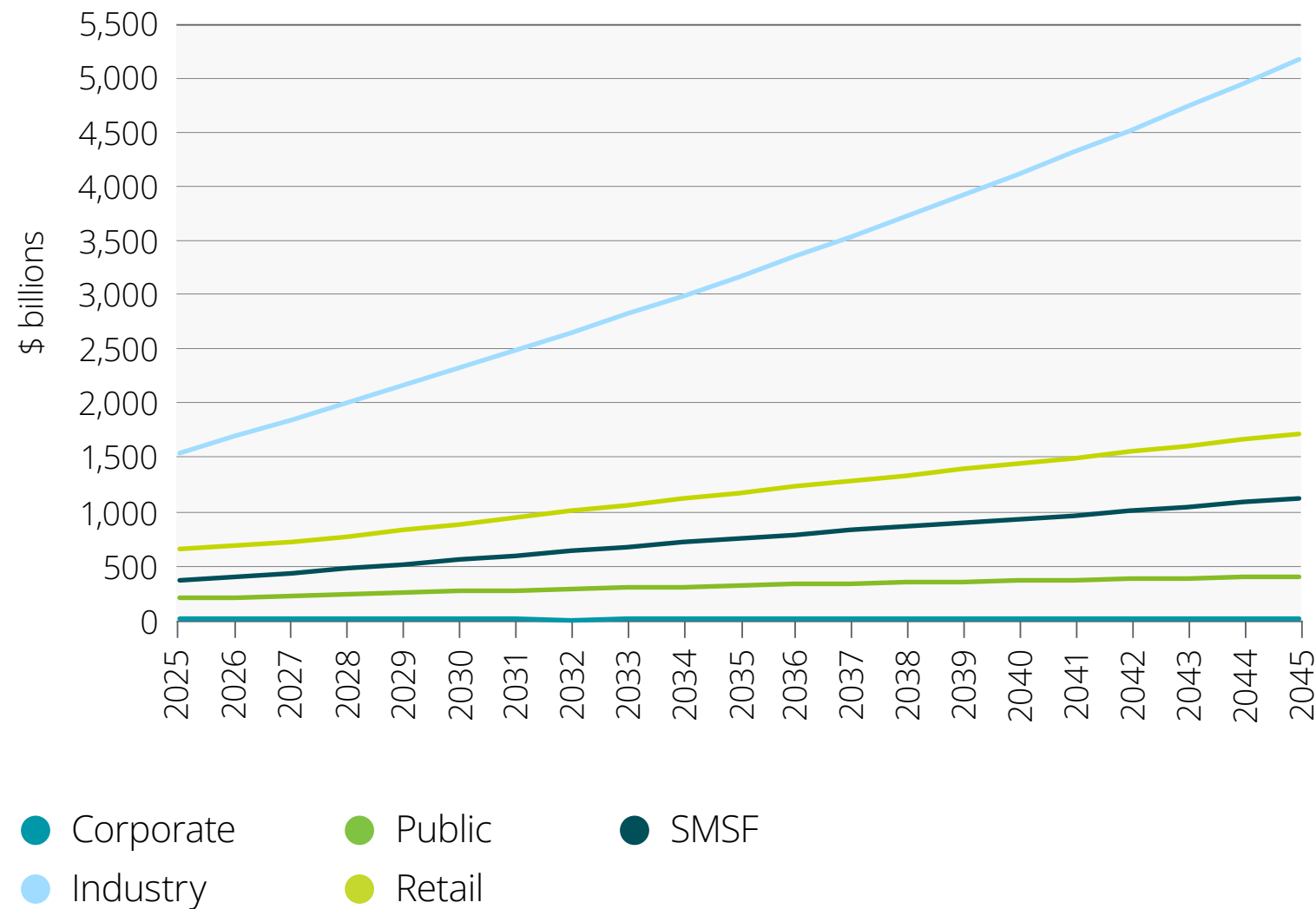
Figure 5: Proportion of superannuation assets by market segment



Source: Deloitte, 2026

Pre- and post-retirement assets

Figure 6: Pre-retirement assets by market segment

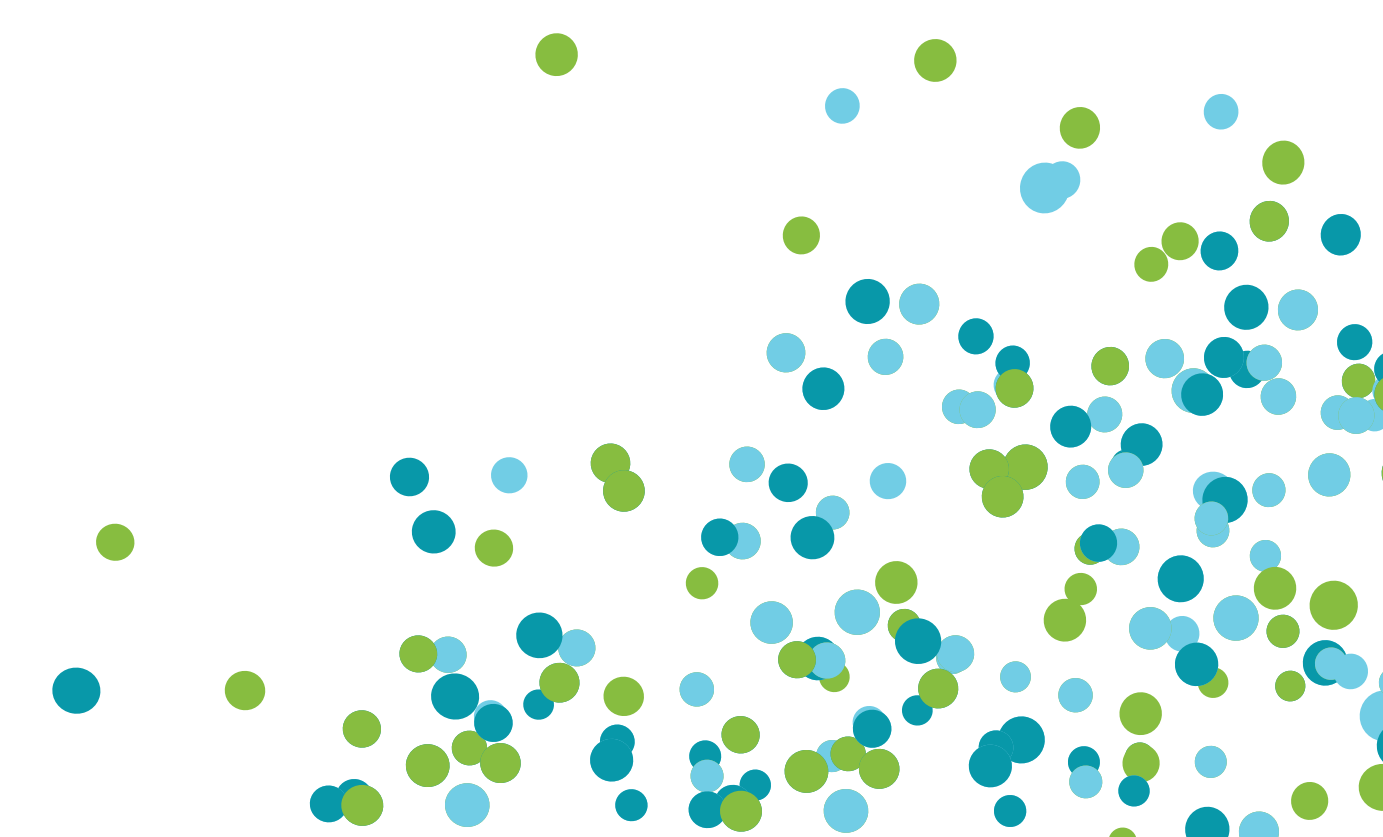


Source: Deloitte, 2026

Figure 6 illustrates that Industry funds have established themselves as the largest sector within the pre-retirement superannuation landscape, a position expected to strengthen progressively over the next decade. This trajectory is underpinned by the *Your Future, Your Super* reforms, particularly the account Stapling measures, which effectively link employees to a single default superannuation account throughout their working life. Given that many young Australians entering the workforce are employed under Award systems where industry funds are the default, Stapling will reinforce the dominance of industry funds in the accumulation phase.

Looking ahead, the introduction of Payday Super, commencing 1 July 2026, will further transform superannuation contributions by mandating more frequent employer remittances aligned with individual pay cycles rather than quarterly. This reform is anticipated to enhance cash flow consistency for super funds and is expected to disproportionately benefit industry funds due to their strong presence in employer default arrangements. Payday Super will also facilitate earlier and more continuous member engagement, reducing account fragmentation and duplication.

Retail funds are projected to continue growing but at a comparatively slower pace. Heightened regulatory oversight and strengthening prudential obligations have compelled retail funds to improve governance, increase transparency, and rebuild consumer trust – essential steps to maintain competitiveness in a more scrutinised environment. SMSFs remain a significant sector, particularly for older and high-net-worth Australians. However, growth in pre-retirement SMSF assets is expected to moderate relative to the post-retirement phase, reflecting the natural transition from accumulation to decumulation.



Retirement remains an active decision point for members, with switching driven by product offering, advice and engagement. As a result, funds can no longer rely on employer-driven inflows or passive retention and must increasingly compete to retain members through the transition to retirement.

Industry funds are well positioned to retain members transitioning into retirement, as long as their product and service proposition for retirement remains competitive.

Figure 7 indicates the projected outcome if that is the case, however there are early signs that some advised members with higher account balances are transitioning to platforms as they are approaching retirement.

The SMSF sector, characterised by an older demographic profile, already holds a substantial proportion of assets supporting pension-phase accounts. However, post-retirement growth in SMSFs will be constrained by higher pension drawdowns and associated cash outflows.

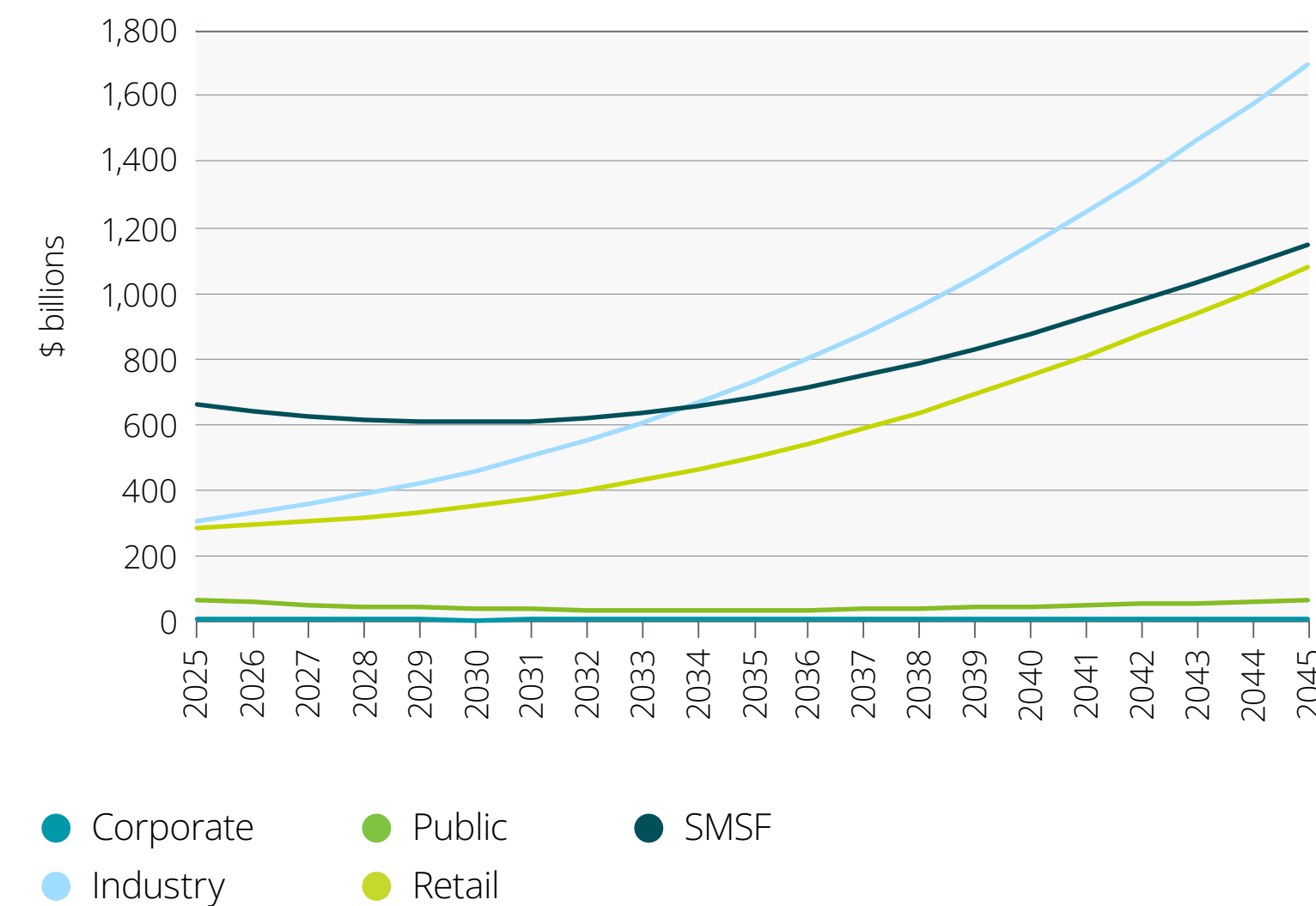
Many large and mid-size funds are evolving their product and investment offerings, to address increasingly sophisticated member preferences and regulatory expectations. Key enhancements include:

- Innovative Retirement Income Stream (IRIS) products that provide longevity protection as well as favourable Age Pension means test treatment.

- Diversified multi-asset class Target Date Portfolios (TDPs) which dynamically adjust risk exposure in line with members’ retirement timelines, offering age-appropriate investment strategies.
- Modular asset class building blocks which allow members to customise portfolios according to their individual risk tolerance and asset allocation preferences.
- Low-cost (or passive) options for the major asset classes which provide cost-efficient alternatives aligned with members’ views on active management.
- Tailored Environmental, Social and/or Governance (ESG) investment profiles delivered through either a specifically tailored option, or through an investment framework with overarching ideals, reflecting member demand for responsible investment solutions.
- Member Direct Options which enable members to directly invest in large ASX-listed shares, ETFs and managed funds, thereby enhancing control and engagement with their superannuation investments.

The low fees and strong investment performance of industry funds, combined with robust inflows, are projected to result in a growth rate of approximately 9.0% p.a. for industry fund post-retirement assets, compared to 7.0% p.a. for retail funds and 2.8% p.a. for SMSFs.

Figure 7: Post-retirement assets by market segment



Source: Deloitte, 2026

The *Delivering Better Financial Outcomes* (DBFO) package is the Australian Government's response to the Quality of Advice Review (QAR) final report. The DBFO package is expected to enhance the affordability and accessibility of financial advice and improve member outcomes. However, delays in progressing key elements of the framework, particularly those relating to the introduction of a new class of adviser and expansion of superannuation-based advice models, are constraining the realisation of these benefits. While initial legislative changes have reduced some administrative burden, the more substantive reforms required to materially improve advice affordability and access remain incomplete.

Extended legislative uncertainty hampers regulatory clarity and may delay the implementation of necessary reforms designed to protect member interests and foster innovation. It also risks creating a fragmented landscape where funds operate under provisional guidelines, exposing trustees to compliance ambiguity and potential enforcement actions. For policymakers, expediting the passage of comprehensive legislation is essential to restore confidence, provide clear rules of engagement, and enable superannuation funds to confidently pursue better financial outcomes for their members within a stable and predictable regulatory environment.

The complexity of retirement planning, combined with shifting demographics, has brought retirement income strategies to the forefront of superannuation policy and member engagement. Over the next two decades, Australia will see an unprecedented increase in retirees with substantial

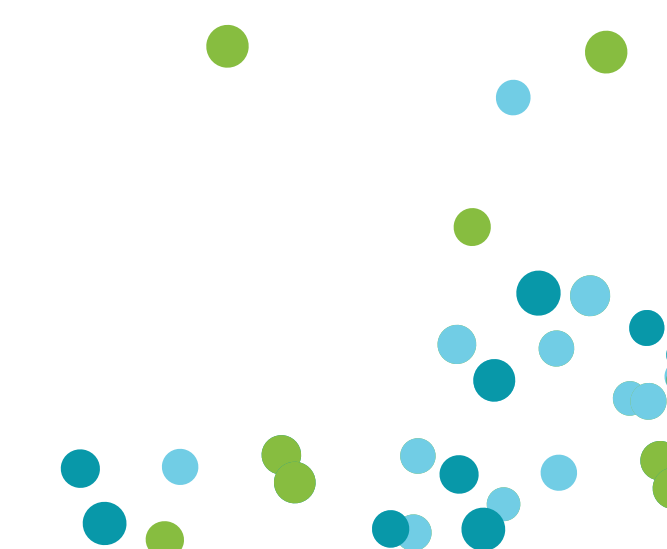
superannuation savings. Currently, more than 3 million Australians aged 55-64 are approaching retirement in the next decade. While in 2025, around 60% of retirees had less than \$250,000 in superannuation at retirement, this proportion is projected to fall significantly to about 30% over the next 10 years. Conversely, in 2045, it is projected that 70% of retirees will have more than \$500,000 (in today's dollars) in superannuation savings at retirement.

On the back of 2023's joint APRA/ASIC thematic review and a pulse check in July 2024, the regulators jointly published a report entitled *Industry update: 2025 Pulse Check on retirement income covenant implementation* in November 2025, following a voluntary survey of superannuation trustees on their compliance with the Retirement Income Covenant. The 2025 Pulse Check underscores that while substantial progress has been made in understanding members' retirement needs and increasing the availability of retirement-focused information, trustees must continue to innovate and prioritise member-centric approaches to fully realise the Retirement Income Covenant's objectives. By enhancing data capabilities, navigating advice reforms proactively, improving member engagement, and evolving retirement income products, trustees can better support members in achieving sustainable, flexible, and secure retirement incomes. Continued regulatory engagement and sector collaboration will be essential to overcoming persistent challenges and fostering innovation within the superannuation system.

“The next phase of the system will be defined by how well funds use data, technology and insight to deliver for members – particularly in retirement...”

Those that can deploy scale effectively will be best positioned to compete.”

Andrew Boal | Partner, Deloitte



Section 3

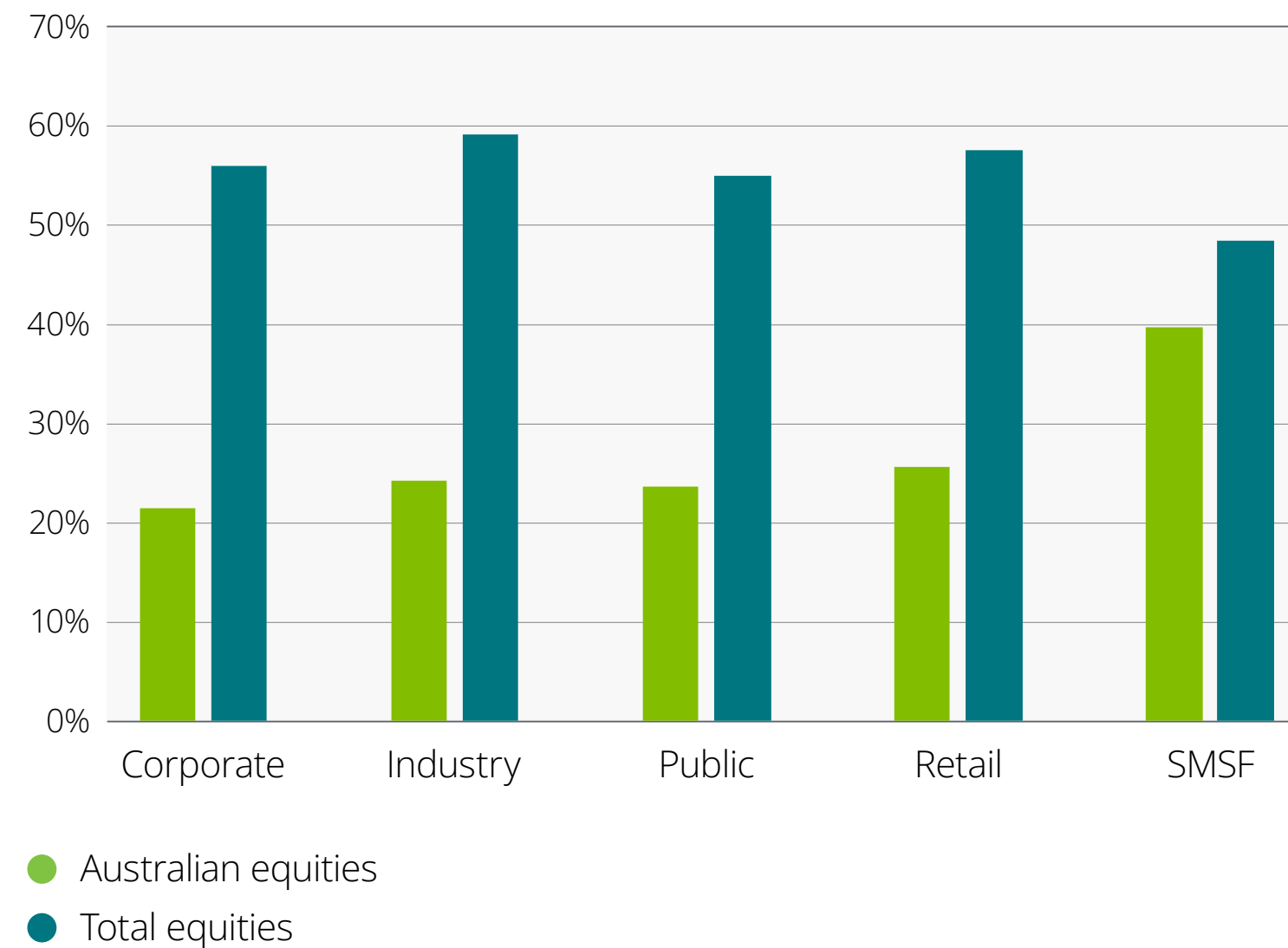
Investing super assets



Across the Australian superannuation system, approximately two-thirds of assets are allocated to growth-oriented investments – primarily equities, property and growth alternatives. This strategic emphasis reflects the system’s reliance on investment returns to drive growth of account balances over members’ working lives and into retirement. Given the multi-decade investment horizon spanning both pre-retirement accumulation and post-retirement drawdown phases, a high allocation to growth assets is a foundational element of portfolio construction.

Notably, within growth allocations, a substantial proportion is invested in equities, with domestic (Australian) equities representing a significant share. *Figure 8* illustrates these allocations and highlights the prominence of domestic equity exposure.

Figure 8: Allocation to equities

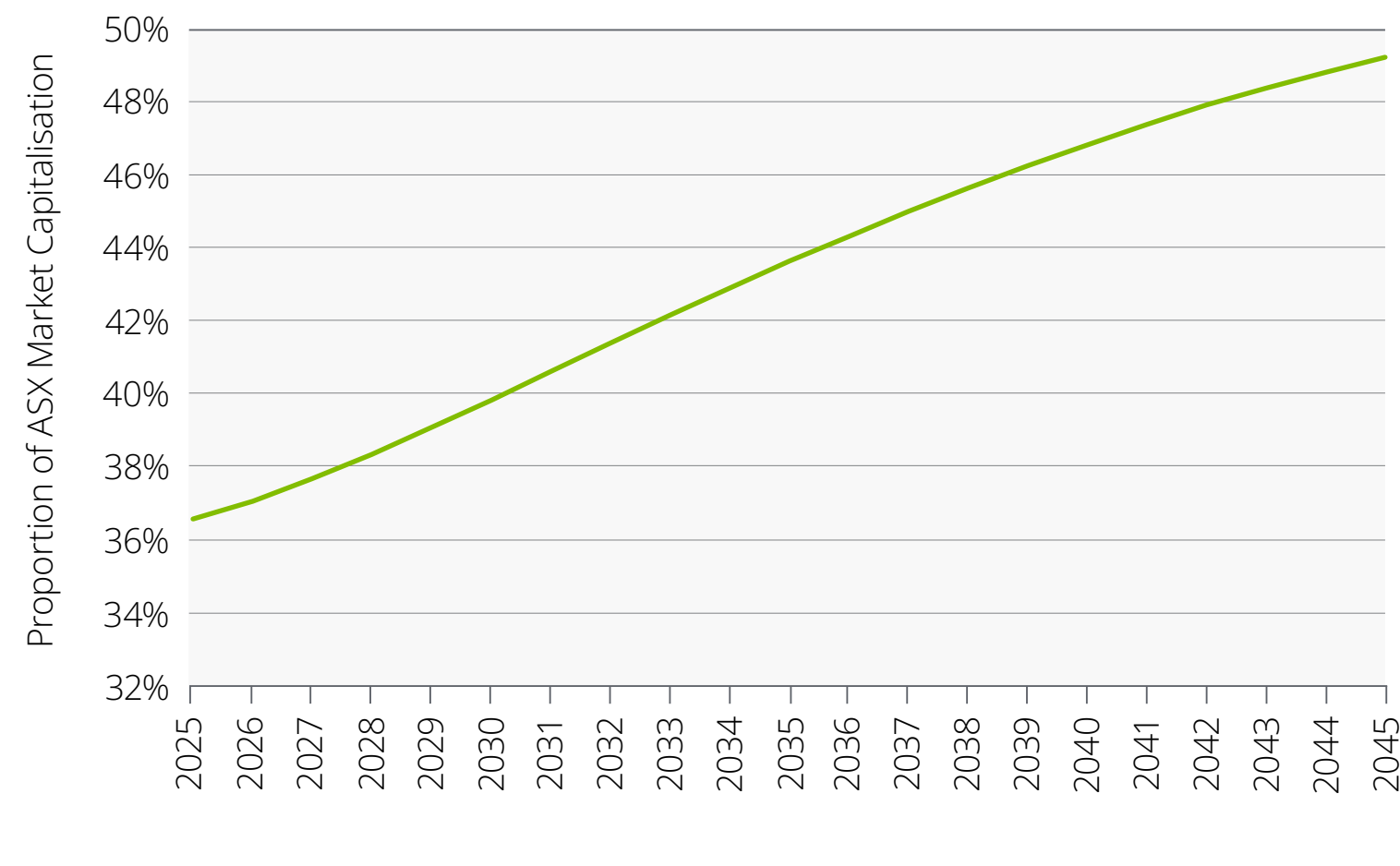


Source: Deloitte, 2026

Australian shares remain a cornerstone of superannuation fund portfolios, with several factors underpinning this preference:

- **Tax advantages:** The dividend imputation system in Australia enables superannuation funds to claim refunds of excess franking credits on franked dividends, significantly enhancing after-tax returns to members. This creates a strong incentive to maintain domestic equity exposure.
- **Member familiarity:** Many Australians hold Australian shares directly as a result of past privatisations and demutualisations, and as a result they are comfortable and familiar with these investments and their growth potential.
- **Long investment horizons:** The investment horizon for superannuation investments is long, spanning more than 40 years between starting work and retirement, and extending into the retirement phase.
- **Superior long-term real returns:** More conservative investments such as bonds and cash have struggled to achieve a return much more than keeping up with inflation. This justifies a sustained allocation to equities with their superior long-term return potential.

Figure 9: Proportion of ASX market capitalisation represented by superannuation funds



Source: Deloitte, 2026

This means

Superannuation funds would own a large and increasing proportion of the Australian Stock Exchange holdings over time if they continue to hold a similar allocation of assets to Australian shares as they hold now. While the tax benefits and familiarity are compelling, growing super fund ownership risks concentration in a relatively small and sector-concentrated market – particularly financials, materials, and energy sectors dominant on the ASX. This concentration elevates systemic and idiosyncratic risks. A key issue remains whether there will be enough capacity in the ASX to support this level of demand from superannuation funds, and any consequential impacts on assessment against APRA’s super performance tests.

Currently the total investment by superannuation funds in Australian shares comprises just over 36% of the total market capitalisation of the Australian Stock Exchange (ASX). If funds maintain their current allocation proportions to Australian equities (as set out in *Figure 8*), their ownership of the ASX could approach 50%, as illustrated in *Figure 9*. However, it is worth noting that the ASX represents a relatively small and highly concentrated investment universe, with significant weightings to financials and resources. As a result, high domestic allocations would expose portfolios to elevated sector and macroeconomic risk and would not support optimal portfolio diversification. The shift toward international assets therefore reflects both a necessity of scale and a deliberate portfolio construction response to the characteristics of the domestic market.

Structural implications for equity exposures

Portfolio allocation and diversification:

- Will superannuation funds increase their allocation to global equities to enhance diversification and access broader growth opportunities?
- To what extent will growing allocations to alternative assets (private equity, infrastructure, unlisted property) reduce the proportion of capital directed to ASX-listed equities?

Market capacity and growth of the ASX:

- Will the ASX continue to grow at historical rates, or will structural factors, such as market concentration, maturity, and competition from private equity, constrain its expansion?
- How might any moderation in ASX growth affect strategic asset allocation decisions within superannuation funds?

Investment Implementation and Manager Models:

- What balance will superannuation funds strike between passive and active management in Australian equities as they scale?
- Will internalisation and scale lead to greater use of direct investment capabilities, changing demand for external managers?
- Will superannuation funds use external managers to access a diversified portfolio of smaller capitalisation stocks?

Ownership, Influence and Market Participation:

- Will superannuation funds seek greater board representation in ASX-listed companies where they hold significant stakes?
- What role will superannuation funds play in consortiums and joint ventures, particularly in large-scale acquisitions and transactions that take listed companies private?

Investment transformation

Private markets

In recent years, superannuation funds and other institutional investors have made material commitments to private market investments. As allocations have increased, both APRA and ASIC have sharpened their focus on the risks associated with private assets, while funds have emphasised the anticipated benefits of private markets, including the potential for illiquidity premia, reduced reported volatility, inflation protection and portfolio diversification.

While private market assets are expected to continue to grow in importance within superannuation portfolios, asset allocators must be able to demonstrate a clear and defensible investment case, explicitly linked to member outcomes and supported by a thorough understanding of the risks involved. Superannuation funds and other institutional investors must therefore ensure they have access to appropriate expertise and recognise that existing governance, valuation and risk management frameworks may need to be adapted or enhanced to accommodate the unique characteristics of private market investments.

In particular, reliance on traditional risk metrics such as valuation volatility can be misleading in illiquid markets, where infrequent pricing may understate underlying economic risk and inflate perceived diversification benefits. Only with a comprehensive view of total risk can investors appropriately assess whether the returns on offer, including any implied illiquidity premium, provide adequate compensation.

While attractive opportunities undoubtedly exist across private markets, disciplined scepticism remains essential. Rigorous due diligence, ongoing monitoring and a clear understanding of return drivers and downside risks are critical to ensuring private market allocations genuinely enhance long-term member outcomes.

In a recent development, the government is consulting on refinements to the *Your Future, Your Super* performance test, with particular focus on how it applies to private market and emerging asset classes such as venture capital and housing. This reflects growing recognition that the current benchmark-based framework may not adequately capture the long-term risk–return characteristics of these assets and may inadvertently discourage investment in areas that are important both for portfolio diversification and broader economic productivity.

Operating models

Superannuation funds are also undergoing significant changes to their operating models, with varying degrees of internalisation of asset management. With mounting regulatory demands, members' best financial interest obligations, cost pressures, and the expanding global footprint of large industry superannuation funds, technology transformation has become a critical pillar of their strategic roadmap. In addition, with the portfolio diversification and growing exposure to private market assets, deployment of integrated investment platforms and the consolidation of critical functions have become crucial enablers of future success.

While most third-party Software as a Service (SaaS) offerings are now mature across both investment management and member administration functions, some funds still struggle with data 'last mile' connectivity and change management initiatives. Investment Management (IM) platforms, which are core to managing the flow of members' contributions efficiently, are being modernised to connect front, middle, and back office functions into unified workflows and support a total portfolio view (TPV). Some of the larger industry super funds have already embarked on multi-year transformation programs to implement front-to-back-office platforms.

A key focus has also been on private markets, as allocations to unlisted assets have grown substantially and breached the thresholds where they can no longer be served via legacy platforms and Excel spreadsheets. This shift demands fit-for-purpose systems for valuation modelling, performance measurement, capital call and distribution handling, liquidity monitoring, and governance. Heightened regulatory attention on these areas is also driving targeted investment in data quality, auditability, and risk controls. In short, technology transformation is no longer optional but essential for competitive positioning. Success depends on a balanced approach that combines ambitious integration goals with practical execution capabilities. This approach ensures operational stability while allowing for future innovation and providing a reassuring path forward.

Section 4

Structural shifts

The superannuation landscape in Australia is undergoing a profound shift in distribution dynamics.

The superannuation landscape in Australia is undergoing a profound shift in distribution dynamics, with direct-to-consumer (D2C) channels emerging as a scaled and strategically important source of member flows. Historically, while D2C elements existed (including within Retail superannuation offerings), these were largely sub-scale and deprioritised, as providers focused on protecting financial adviser relationships and intermediary-led distribution models. This protective stance resulted in direct flows remaining limited and accordingly not a major driver of growth. However, a confluence of structural changes has heightened the effectiveness and strategic importance of D2C channels, challenging previous assumptions about member acquisition and engagement.

Structural drivers accelerating direct-to-consumer growth

Regulatory reforms, notably the *Your Future Your Super* (YFYS) package and the introduction of Stapling, have disrupted the traditional employer-based default distribution channels by curbing the automatic creation of new accounts and simplifying fund switching for members. These policy changes have diminished the historic inertia that underpinned default employer arrangements, increasing member mobility and reducing the relative strength of traditional employer-facilitated flows.

Simultaneously, the adviser landscape has evolved significantly. The decline in adviser numbers and changes in adviser economics, with a number of advisers going up the wealth curve, have reshaped intermediary roles resulting in many previously advised members now being without an adviser and reducing the overall influence of advisers in member acquisition. This shift has created a strategic opening for funds to pursue members directly.

In parallel, advancements in digital capabilities, intensified marketing efforts, and stronger brand competition have enabled superannuation funds to acquire and retain members at scale through direct channels. Established funds report increasing direct inflows, while newer, digitally native entrants such as Vanguard leverage strong brand equity and streamlined digital onboarding to gain market traction. Though comprehensive data quantifying the size of D2C flows remain limited, the evidence strongly indicates that D2C is now a material and growing component of the superannuation industry's flows.

Changing member engagement and competitive intensity

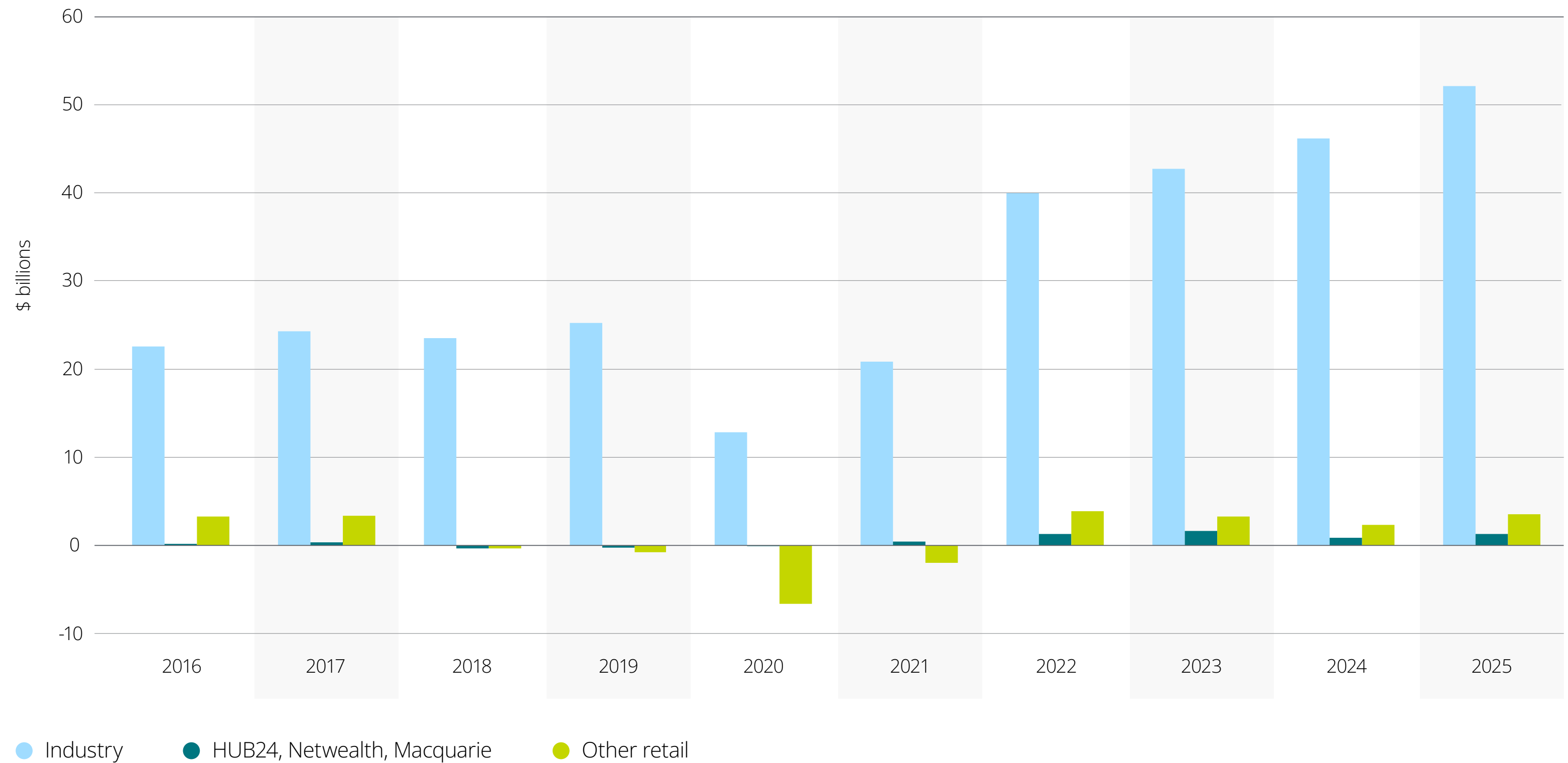
The long-held narrative that Australians are disengaged from their superannuation is being increasingly challenged. Heightened marketing activity alongside improved digital access and user experience are driving greater member engagement and activating cohorts that were previously passive or disinterested. This behavioural shift has critical implications for competitive intensity within the industry.

Research reveals a rising propensity for members to switch funds based on factors such as brand appeal and perceived value, signalling a more discerning and proactive membership base. In response, superannuation funds must elevate their marketing sophistication by adopting clearer segmentation strategies that target distinct member cohorts, strengthening brand positioning and differentiation, and enhancing digital acquisition and onboarding capabilities to capture and sustain interest effectively.

As competition intensifies, funds will need to monitor and manage key performance metrics including direct channel acquisition costs, member churn rates, and the lifetime value of members. These indicators will become essential in assessing distribution effectiveness and guiding resource allocation.

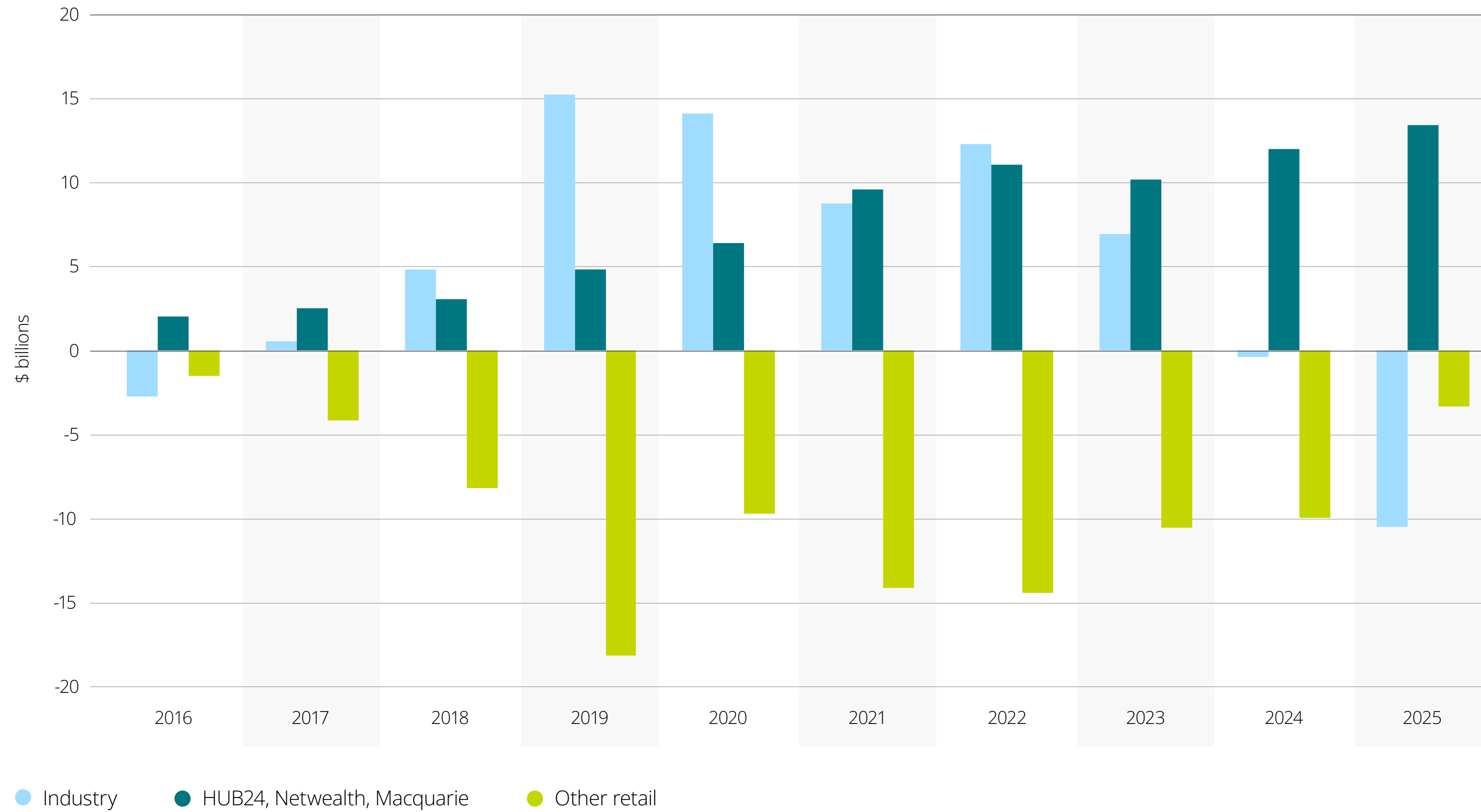
Figure 10 and **Figure 11** set out the natural cashflows (contributions after tax less benefit payments and expenses) and competitive cashflows (excluding reported successor fund transfers in/out) for industry funds and retail funds over the past 10 years. Given the net cash flow dominance of HUB24, Netwealth and Macquarie platforms in the retail fund space in recent years, we have shown the cashflows for those three (3) retail platforms separately from other retail funds and platforms.

Figure 10: Natural flows



Source: Deloitte analysis of APRA data, 2026

Figure 11: Competitive flows (excl. reported SFT transfers)



Source: Deloitte analysis of APRA data, 2026



Service expectations and strategic resource allocation

These strategic shifts have raised member service expectations significantly. Members who actively choose a fund typically exhibit lower tolerance for substandard service, reinforcing a strong correlation between service quality and member retention. Funds may now face more explicit strategic decisions regarding ‘where to play’ and ‘how to win’, as they seek to allocate resources efficiently across diverse member cohorts, balancing cost, service levels, and growth objectives.

Younger members, in particular, are demanding superior digital experiences characterised by intuitive interfaces, personalised communications, and transparent fee structures. Broader evidence also points to an increasing willingness among members to switch providers in pursuit of better service outcomes. This dynamic elevates the importance of delivering differentiated, tailored service models that balance cost efficiency with growth and retention objectives.

Role of artificial intelligence

Looking forward, the trajectory of D2C flows will be heavily influenced by advancements in artificial intelligence (AI) and related digital innovations. Consumers are already using digital tools for financial decision-making, and it is anticipated that use of these technologies could evolve into more sophisticated AI-driven personal assistants or agent-to-agent interactions that actively shape fund selection and member engagement.

This anticipated digital transformation will position technology functions at the core of distribution strategy. Funds must prioritise investment in AI capabilities, data analytics, and seamless digital journeys to engage prospective and existing members effectively, delivering personalised experiences that meet evolving expectations.

Adviser-mediated platform flows

Despite the advance of D2C, adviser-mediated platform flows retain substantial significance within the Australian market. Platforms such as HUB24 and Netwealth continue to be predominantly distributed through financial advisers, a contrast to markets like the UK where direct-to-consumer platform models are more established.

While the number of financial advisers in Australia has declined, platform inflows have remained strong, supported by advisers moving up the wealth curve to focus on clients with larger balances, alongside benefits derived from administrative efficiencies and household account consolidation. However, anecdotal evidence suggests many members retain a superannuation account outside platform environments, underscoring the ongoing need for funds to maintain a baseline service proposition for adviser channels that balances quality and cost.

Emerging member cohorts and self-directed investment trends

Emerging trends reveal a younger cohort seeking greater control over their superannuation investments. This is reflected in increased use of platform products, including niche providers, and potential migration toward more scalable self-managed superannuation fund (SMSF) solutions. Surges in investment interest post COVID-19, the influence of non-traditional advice sources such as fintech platforms and social media, and the growing adoption of digital and AI-enabled tools are key drivers of this behavioural shift.

Conversely, these trends present challenges for platform products, as adviser attrition contributes to a rising pool of unadvised clients within platform environments. Funds and platforms alike must innovate to provide digital advice and self-service offerings that support this cohort and mitigate risks associated with disengagement or suboptimal investment decisions.

Enduring importance of employer default flows

Traditional flows from default employer arrangements remain important for most superannuation funds, although their relative significance may evolve over time. There are significant opportunities to enhance this channel through targeted financial literacy and wellbeing initiatives, which not only improve member outcomes but also contribute positively to workforce productivity by alleviating financial stress.

The continuing evolution of Stapling, Payday Super, and digital onboarding processes will further influence flow dynamics within employer-default channels. Funds that proactively adapt their operations and member engagement strategies in this space stand to retain competitiveness and optimise default member outcomes.

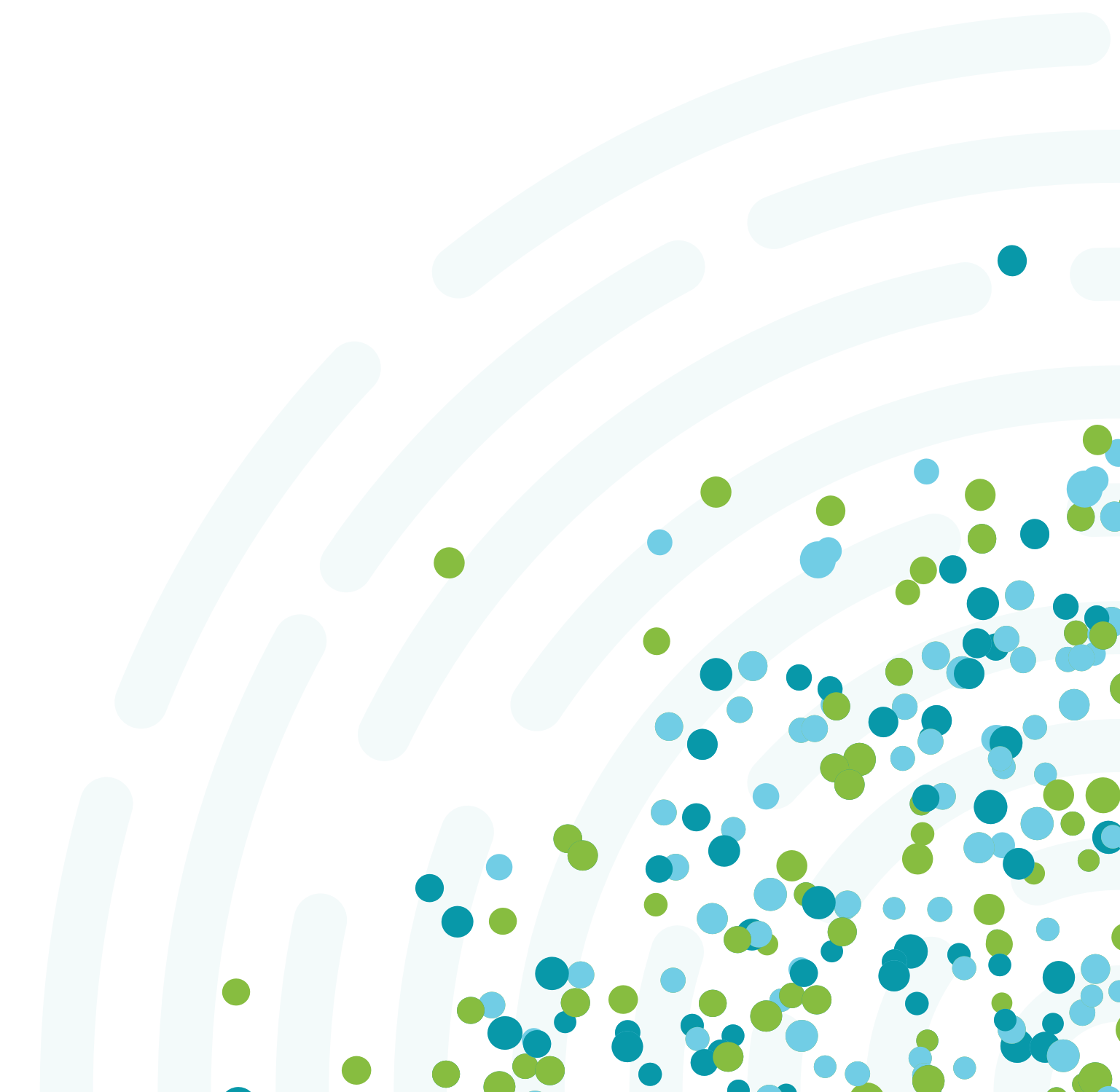
Strategic outlook and imperatives for superannuation funds

The contemporary superannuation distribution landscape is characterised by increasing complexity, heightened competition, and rapid technological change. To succeed, funds must adopt a holistic, cross-disciplinary approach that aligns distribution strategies with technology innovation, member experience enhancement, retention management, and liquidity considerations.

Strategic foresight is essential to anticipate regulatory and market shifts, while operational agility will enable funds to respond swiftly to emerging challenges and opportunities. Investment in AI, advanced analytics, and digital infrastructure will underpin competitive advantage, supporting personalised member journeys and efficient acquisition and retention.

Simultaneously, funds must refine marketing and brand strategies to resonate with evolving member preferences, particularly among younger cohorts and digitally savvy segments. Balancing growth objectives with cost efficiency and service quality requires nuanced segmentation and resource allocation.

Ultimately, funds that embrace innovation, deepen member engagement, and maintain adaptive distribution models will be best positioned to navigate this transformative period in superannuation distribution, unlocking sustainable growth and enhanced member outcomes in the decade ahead.



Section 5

Retirement income reforms



Retirement income covenant progress

Over the next 20 years, Australia will see an unprecedented increase in the number of retirees with substantial superannuation savings.

The complexity of retirement planning, combined with shifting demographics, has brought retirement income strategies to the forefront of superannuation policy and member engagement. Over the next two decades, Australia will see an unprecedented increase in the number of retirees with substantial superannuation savings. Currently, more than 3 million Australians aged 55-64 are approaching retirement in the next decade. While around 60% of retirees in 2025 had less than \$250,000 in superannuation 'at retirement', this proportion is projected to fall significantly to about 30% over the next 10 years. Conversely, it is projected that 70% of retirees in 2045 will have more than \$500,000 (in today's dollars) in superannuation savings 'at retirement'.

This demographic and financial shift underscores the need for tailored retirement strategies that reflect the increasingly diverse financial circumstances that retirees will face. Funds must proactively prepare for this evolution by offering an appropriate suite of retirement products, incorporating flexible investment approaches, deploying a data-driven approach to member assistance and offering robust financial planning processes to support the varied needs of their members.

As retirement assets grow, funds will need to navigate complexities such as balancing income generation with capital preservation, managing longevity risks, providing flexibility and addressing diverse member needs, to develop carefully crafted retirement income strategies.

Indeed, the Retirement Income Covenant (RIC) requires all superannuation trustees to develop and implement a retirement income strategy for their members approaching and in retirement. This represents a paradigm shift from focusing solely on accumulation to emphasising the appropriate delivery of income throughout retirement. Trustees must address how they will assist those members to balance the following three retirement objectives:

- 1 To maximise expected retirement income over the period of retirement
- 2 To manage expected risks to the sustainability and stability of retirement income, including longevity, investment, inflation and other risks
- 3 To have flexible access to superannuation savings over the period of retirement.

The RIC acknowledges that these objectives can be in conflict with one another and therefore helping members to strike the right balance will be critical. This can be facilitated by sub-classing members into different cohorts, as well as providing tailored help, guidance and advice accordingly.

2025 Thematic Review

As part of monitoring the implementation of the RIC, ASIC released its thematic review *From superficial to super engaged: Better practices for trustee retirement communications* (2025 Thematic Review) which provides observations of good and poor communication practices across RSEs and encourages trustees to enhance their retirement communications to improve member engagement.

For the purposes of the review, retirement communication was defined as “a communication to members or non-members of a superannuation fund that relates to retirement” and includes materials such as educational articles, targeted member communications and advertisements.

The key findings from this review were:

- There is a lack of urgency in improving member communications, with some trustees not having implemented changes to retirement communications identified from the 2024 Pulse Check.
- Strong data, research and benchmarking capabilities coupled with robust governance enable trustees to deliver more effective retirement communications.
- Retirement communications should be enhanced to consider the needs of First Nations, vulnerable and culturally and linguistically diverse members.

2025 Pulse Check

In November 2025, APRA and ASIC jointly published a report entitled *Industry update: 2025 Pulse Check on retirement income covenant implementation* (2025 Pulse Check), following a voluntary survey of superannuation trustees on their compliance with the Retirement Income Covenant. The regulators noted the overall pace in delivering meaningful outcomes for members in retirement is inconsistent across the industry and also identified several persistent challenges inhibiting effective implementation.

The 2025 Pulse Check underscores that while substantial progress has been made in improving better retirement outcomes and meeting their members’ needs, trustees must continue to innovate and prioritise member-centric approaches to fully realise the RIC’s objectives. By enhancing data capabilities, navigating advice reforms proactively, improving member engagement, and evolving retirement income products, trustees can better support members in achieving sustainable, flexible, and secure retirement incomes. It also finds that there has been insufficient investment in governance, innovative retirement income stream (IRIS) products and tailored support for members. Continued regulatory engagement and sector collaboration will be essential to overcoming persistent challenges and fostering innovation within the superannuation system.

Treasury retirement phase reforms

In 2025, Treasury consulted the industry on reforms to the retirement phase of superannuation – *Best practice principles for superannuation retirement income solutions* (BPP) and the *Retirement Reporting Framework* (RRF). These reforms were finalised in February 2026 and mark another pivotal moment in the ongoing evolution of the retirement phase of superannuation. While they build on the pre-existing obligations introduced by the Retirement Income Covenant, Treasury has designed these reforms to improve transparency and drive trustees to innovate and ultimately deliver better retirement solutions for their members.

The BPP, although non-binding, aim to provide guidance to trustees about how they can better design and deliver fit-for-purpose retirement income solutions for their members under their retirement income strategy. For a trustee to be exhibiting better practice, it will need to:

- Offer both an account-based pension and a lifetime income product
- Design retirement income solutions for different member cohorts, while still allowing tailoring at an individual level
- Design guidance services that assist members to understand and select the components of their retirement income solution based on their own preferences, for example through personas or assisted choice tools.

Importantly, the BPP specify that at least one cohort should include a lifetime income product in the overall solution, with regard given to likely Age Pension eligibility.

The RRF will collect data on industry progress in the retirement phase of superannuation and has been crafted to drive an uplift in member outcomes by creating greater transparency across the industry. Examples of some of the indicators and metrics included in the RRF are:

- Whether a fund provides options for drawdowns other than the legislated minimum
- What access is provided to lifetime income products and personal financial advice services
- Take-up of the retirement income products offered
- Balance utilisation from retirement income products.

Public reporting under the Retirement Reporting Framework brings both challenges and opportunities for superannuation funds. The increased visibility means that a fund's reputation and the trust of its members are more closely tied to the outcomes it delivers. To succeed in this environment, funds need to invest early in:

- High-quality data collection and analysis
- Strong governance structures
- Flexible operating models that can adapt to new insights.

By doing so, funds can both meet the regulatory expectations and also shape their own public narrative around retirement. This is a chance to demonstrate real progress against the Retirement Income Covenant and show how their strategies are making a difference in members' lives. Funds that embrace this shift will be better positioned to build lasting trust and stand out in a competitive market.

Section 6

Conclusion



Conclusion

In this edition of *Dynamics of the Australian Superannuation System – the next 20 years to 2045*, we have examined how the system is expected to evolve as it continues to grow in scale, maturity and complexity. Our analysis has considered the future trajectory of total superannuation assets, shifts in market structure and sector market share, reforms for retirement incomes, and the prominence of superannuation relative to GDP and domestic asset markets.

Total superannuation assets reached approximately \$4.0 trillion as at 30 June 2025, reflecting sustained contribution inflows and improving investment conditions following a period of economic volatility. Looking ahead, we project that superannuation assets will more than triple over the next two decades, exceeding \$12 trillion (nominal) by 2045. As a result, superannuation will continue to play a central role in Australia’s financial system, capital markets and retirement income framework.

The industry is entering a new phase of maturity, characterised by continued consolidation, fewer but significantly larger funds, and heightened expectations of trustees’ execution capability. Regulatory initiatives introduced over recent years – most notably *Your Future, Your Super*, the Member Outcomes framework and the Retirement Income Covenant – have materially reshaped competitive dynamics and accelerated rationalisation. Funds with weaker performance, higher costs or limited scale face sustained pressure to merge, while the number of mega funds continues to grow. These very large funds are increasingly global investors, with rising allocations to offshore markets and privately held assets, reflecting the scale of available opportunities relative to Australia’s domestic market.

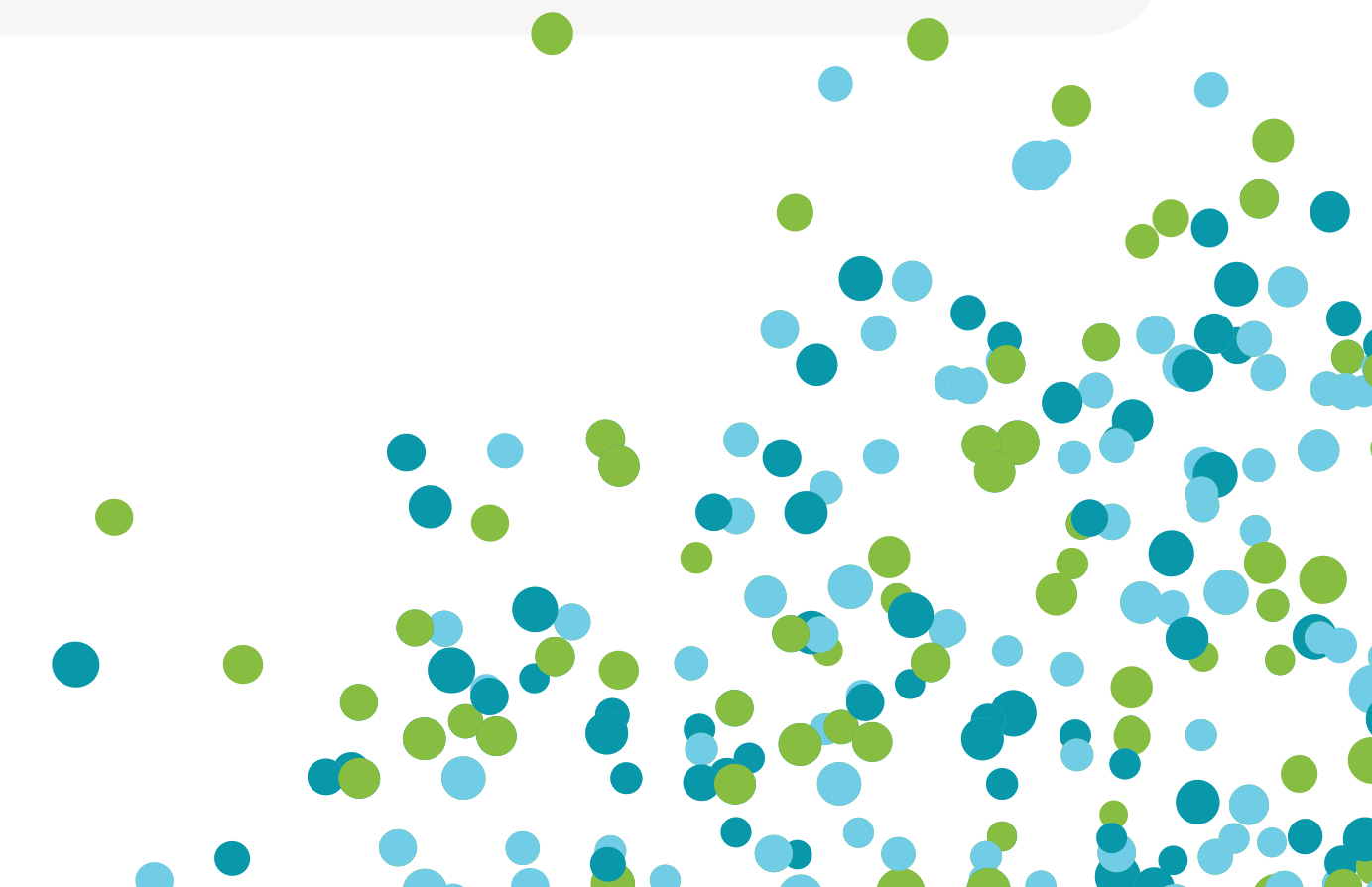
At the same time, the system is shifting away from employer-driven structures towards a more member-centric model. Measures such as stapling, proactive account consolidation and redesigned onboarding platforms have materially reduced the creation of multiple accounts and reshaped the way funds acquire and retain members. Competition is increasingly centred on individual engagement, digital experience, advice and perceived value, rather than default status alone.

Retirement will be central to the next phase of the system’s evolution. As larger cohorts enter retirement with materially higher superannuation balances, scrutiny has intensified on whether superannuation is translating accumulation success into meaningful and sustainable retirement outcomes. Recent regulatory reviews highlight progress, but also clear gaps in consistency, data quality, segmentation and member support. Treasury’s Best Practice Principles and Retirement Reporting Framework reinforce the expectation that funds move beyond incremental change towards more integrated, cohort-based retirement solutions supported by stronger data, governance and operating capability.

Across all segments, data, reporting and regulatory accountability are now central determinants of success. Trustees are increasingly required to evidence decisions, outcomes and trade-offs using high quality, traceable and auditable data. Over time, funds that treat regulatory and member data as a strategic asset – rather than a compliance burden – will be best positioned to satisfy supervisory expectations, support innovation and enhance member trust.

Overall, the next 20 years will see superannuation continue to grow in scale and importance, but success will be defined less by asset size alone and more by the ability to efficiently deploy scale. Funds that combine disciplined cost management, strong governance, advanced data capability, effective advice models and fit-for-purpose retirement solutions will be best placed to deliver sustainable member outcomes and maintain relevance in an increasingly concentrated, regulated and member-driven system.

We trust this report provides a useful and thought provoking perspective on the long-term dynamics shaping the Australian superannuation system. We welcome the opportunity to discuss these insights and their implications with Boards and executive teams as they navigate strategic priorities, member outcomes and the challenges of the next phase of the system’s evolution, delivering sustainable retirement incomes to members.



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