



Themes shaping the future of superannuation in 2025

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Superannuation funds enjoyed another strong year in 2024. Between a healthy increase in member and employer contributions and improved investment performance, fund assets grew to over A\$4 trillion. At the same time, as delayed payments on insurance claims made headlines, the Australian Securities & Investments Commission (ASIC) began flexing its enforcement muscle, putting all funds 'on notice' that member servicing lapses would not be tolerated.

So, what does 2025 hold?

Based on first-hand observations and conversations with clients, colleagues and industry experts, SS&C identified eight themes we believe will have significant influence on the superannuation fund industry over the year ahead. The through-line in these themes is the undeniable importance of a modern technology infrastructure that leverages intelligent automation to keep pace with member expectations and demands, and to position funds to deliver superior outcomes.

Member servicing remains a key priority

Funds are leveraging data and predictive modelling to improve responsiveness.

In the moments that matter, members need to be sure that their superannuation fund will be there for them. The challenge for funds is

to be able to 'know' individual members, anticipate their needs and deliver high-quality member service at scale.

To remain competitive and drive positive member engagement, funds need analytic solutions that enable them to extract meaningful insights from huge volumes of member and market data and then turn those insights into personalised advice and recommendations. Building on a solid data infrastructure, funds can leverage artificial intelligence (AI) and predictive models to generate responses appropriate to each individual's needs.

Funds must also meet members 'where they are' with flexible service models and omnichannel access that enable members to interact according to their personal preferences – whether they want friction-free digital self-service or the comfort of a human voice on the phone. Technology plays a critical role in enabling funds to automate and track interactions and ensure 24/7 access to efficient support.

The regulator is watching

Enforcement of member servicing standards is likely to be more prevalent.

Excellent member service is not just a competitive necessity—it is a regulatory imperative. Regulators have made clear they will hold all superannuation funds to account for not meeting their obligations, citing what the ASIC calls widespread delays in payments on death and disability claims. All signals point to stepped up enforcement action.

Funds must also be prepared for increased scrutiny around their product design and distribution obligations. Trustees must show that they are providing members with appropriate products.

Cybersecurity continues to be a high regulatory priority with funds as prime targets for increasingly sophisticated cyber criminals. While the superannuation industry is yet to feel the brunt of serious penalties, other sectors have experienced onerous fines for data breaches resulting from weak security controls. At a minimum, funds must demonstrate compliance with APRA's *Prudential Standard CPS 234 Information Security*, but even stronger measures are recommended, such as the global ISO 27001 standard or the Service Organisation Controls SOC 2 security framework.

Advice continues to go digital

Funds are modernising their platforms to service members at scale.

With 23 million members needing advice and a lack of human advisers to provide it, funds are increasingly looking to improve service and bridge the 'advice gap,' making personal, relevant advice accessible by digital means. Funds can achieve operational efficiencies in member servicing through automation while simultaneously improving the member experience.

Serving members economically and at scale – without the need for one-to-one adviser conversations – has long been a major challenge for superannuation funds. A sophisticated digital advice engine can access a member's account history and financial profile to provide personalised and appropriate planning guidance. Digital advice solutions can strengthen member engagement, while helping to satisfy regulators that the fund is providing the expected quality of service to members.

Financial wellness and education to strengthen member engagement

The more members know, the more attention they will pay to their finances.

Members are looking to their superannuation funds for more than a secure retirement. They need guidance to enhance their overall financial well-being and give them confidence that they are making smart decisions with their money. More and more funds are incorporating financial education and literacy into their offerings in response to this need.

An informed member is a more engaged member. A holistic financial wellness program can drive greater member loyalty and engagement with retirement planning. Once again, however, personalisation is key. Technologies exist today that make it possible to deliver personalised education at scale leveraging data aggregation, automation, gamification and analytics. Funds can also take advantage of interactive digital media to make educational content lively and engaging.

Supporting members post-retirement is a big opportunity

For an aging population, funds must expand their focus to the decumulation phase.

From its roots, superannuation has always been about saving for retirement. Having a dignified retirement also requires planning without worrying about how long your savings will last.

Now, regulators are putting pressure on funds to provide members with similarly effective strategies for decumulation. As more and more members enter retirement age, they will need assistance in managing their accumulated retirement assets.

Funds will be expected to assist members entering the draw-down phase in making informed financial decisions, generating income and sustaining their savings. This may entail developing new products or partnering with life companies to combat longevity risk. These products introduce new complexities that require a higher level of financial education or advice.

No such thing as too much information

Although the volume may seem overwhelming, members want to be informed.

Members are going to their mobile apps more and more to dig into the details of their funds, even as the sheer amount of information to consume keeps growing. Transparency, look-through capabilities and ease of navigation are imperatives.

In particular, members want to know how their money is being invested with ESG a case in point. Members want to know that their funds are investing in responsible companies with good sustainability practices, yet they also want assurances that an ESG focus will not compromise their outcomes. Funds are taking advantage of AI-powered solutions to better explain the balance of ESG factors and investment returns to members.

Performance is in the spotlight, too. APRA's comparative data on fund performance and operating costs is readily available to members. Funds that fail APRA's annual performance test run the risk of being closed until they can meet the standard. Optimising efficiency through technology is essential to help hold costs down in order to bring performance numbers up.

The impact of geopolitical and economic shifts

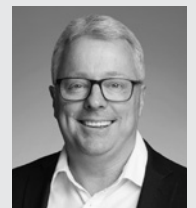
Investing globally requires thoughtful assessments of risks and opportunities.

As superannuation funds increasingly invest in overseas markets, global economics and geopolitics become bigger factors in fund growth and performance. Wars in Ukraine and the Middle East, the lingering effects of the COVID pandemic, political upheaval in Europe, the rise of India and the looming influence of China over the Asia-Pacific have all had material impacts on the macro-



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economic environment. The near future holds the possibility of ‘trade wars’ over tariffs. Global inflation and rising interest rates appear to have peaked, but whether they will retreat and how sharply is a matter of debate.

Superannuation funds will need to be especially sensitive to their international exposures and the impact on investment returns to members. It is important to balance a global view with a regional perspective to be able to distinguish between risks and opportunities. Funds also need to understand the regulatory regimes of the different jurisdictions in which they invest, and the extent to which local regulation can impact global returns.

Opportunities for innovation and differentiation are out there

Funds need to be looking ahead at the future of interaction.

Superannuation funds are always looking for ways to differentiate themselves, especially in attracting the next generation of accumulators. Just as it is critical to have a strong digital presence today, it is equally important to anticipate how future generations will communicate and interact.

With around 400 million monthly users, the metaverse is growing in popularity, predominantly with younger generations – according to online gaming data, 80% of active users are under 16 years of age and 41% of millennials are expressing interest in metaverse powered live events. Powered by immersive technologies such as virtual and augmented reality (VR and AR), the metaverse has for the most part been a domain of games and entertainment. However, innovative commercial use cases for these technologies are starting to emerge.

Funds that can make the leap of imagination into the metaverse stand to connect with a growing, digitally savvy audience, delivering highly tailored, interactive member journeys to drive greater engagement and loyalty. **FS**



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