

## CHALLENGER WELCOMES PASSAGE OF RETIREMENT INCOME COVENANT AND CORPORATE COLLECTIVE INVESTMENT VEHICLE LEGISLATION

Challenger welcomes the passage through Parliament of the Corporate Collective Investment Vehicle Framework and Other Measures Bill 2021 (CCIV), including the Retirement Income Covenant, today and commends the Government for driving the progress of these important reforms.

The Retirement Income Covenant, which comes into force on 1 July 2022, will require superannuation trustees to develop a retirement income strategy for their members, improving the financial outcomes for Australian retirees.

Challenger Managing Director and CEO, Nick Hamilton said: “Challenger has, for many years, been an advocate of retirement income reform that will significantly enhance the lives of older Australians.

“The passage of the Covenant today is a very important step in building the retirement phase of the superannuation system, ensuring it works as well for Australians in retirement as it does during their working lives.

“This is a great opportunity to encourage the development of high quality, innovative and sustainable retirement income products, giving Australians more choice to manage the unique risks they face in retirement.”

Research shows that 53% of retirees are worried about outliving their savings; while 84% say regular and constant income is very important to them.<sup>1</sup>

The Retirement Income Review also highlighted that most Australians lack the confidence to spend their retirement savings, compromising their quality of life in retirement and leaving the vast majority of their wealth intact when they die.

Mr Hamilton said: “We’ve been engaging with super funds on this important reform and look forward to partnering with them over time to deliver innovative retirement income solutions as Australians plan for and enter retirement.”

Mr Hamilton also welcomed the passage of legislation that will create a Corporate Collective Investment Vehicle framework.

“The CCIV regime will be a gamechanger for Australian funds management in the Asia region.

“Given our enviable social, legal and governance environment, Australia has the potential to be a regional leader in investment management. The CCIV regime will support and grow the Australian funds management industry in the rapidly expanding Asia region, creating local jobs and boosting the economy.

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<sup>1</sup> National Seniors Australia 2020.

“Challenger is in a strong position to play a greater role in the Asia region, by exporting our funds management and other services expertise to Asia’s rapidly expanding middle class. We have high quality investment capability across all asset classes and in line with our growth strategy, we will leverage the CCIV to distribute these capabilities offshore.

“We look forward to continuing to engage with the government, industry and regulators on this important legislation which is in the best interests of both Australian retirees and the broader economy.”

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### **About Challenger**

Challenger Limited (Challenger) is an investment management firm focused on providing customers with financial security for a better retirement.

Challenger operates three core investment businesses – a fiduciary Funds Management division, an APRA-regulated Life division and an APRA regulated authorised deposit-taking institution. Challenger Life Company Limited (Challenger Life) is Australia's largest provider of annuities.

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