

Switching to an ethical superannuation fund



Welcome

Most people consider superannuation as something to think about when they're older. But did you know your choice in a super fund could have a massive impact on more than your retirement finances, but the future of the world you'll be living in too?

Many Australian super funds invest billions into coal producers and other fossil fuel companies, which means furthering the use of materials and processes that are emissions intensive and therefore, massive contributors to climate change.

In Australia, the mandatory employer contribution (the Super Guarantee) is 12% of Ordinary Time Earnings (OTE) as of July 2025. It all adds up: Australia has one of the largest retirement savings pools in the world, with total assets worth [over A\\$4.3 trillion](#).

Where that money is directed has a critical impact on people and the planet, as every dollar supports businesses to grow and expand.

It is possible, however, to choose super investments that are producing market-leading returns, while at the same time avoiding supporting the companies that are harming our planet.

Recent changes to superannuation rules have made educating employees about superannuation choices even more important than ever before. In this Playbook, we'll cover how you can ensure the default super fund of the business you work for is climate-friendly, plus help you educate every employee in your business so they can understand how to pick a super fund that is doing right by their future finances and the world they'll call home.

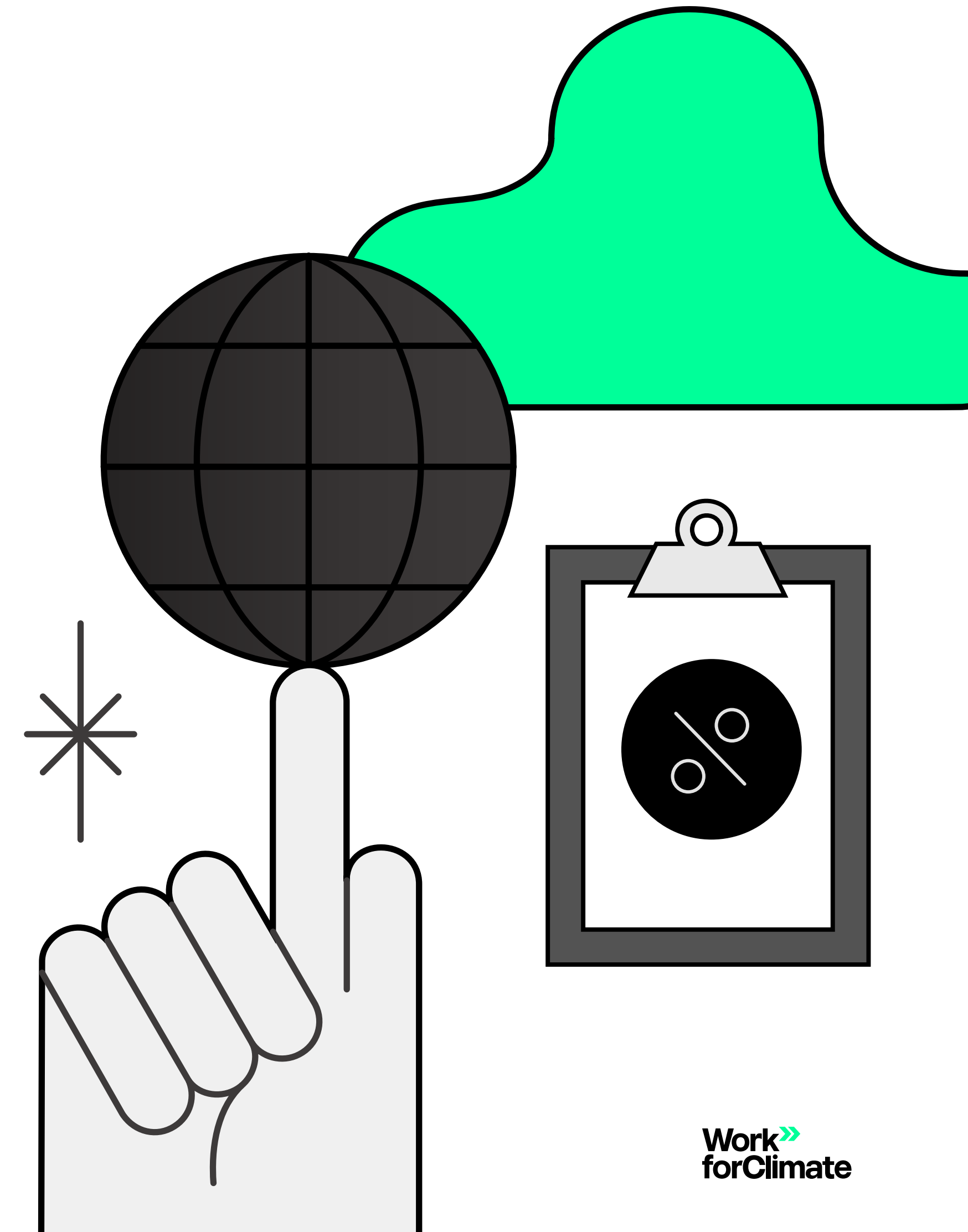


01

Get smart

- Understand the basics and regulations around both individual super and a company's default super fund.
- Learn why shifting employees' super is good for the climate and their retirement savings.
- Assess your current super fund.

This step is about building the foundation that connects superannuation, climate, and navigating your company's dynamics so that you feel prepared to help your company switch to an ethical super fund.



Understanding the basics

When an employee joins a new company they will be asked to fill out what is called a '[Standard Choice Form](#)' to provide their employer with details about where to pay them their superannuation.

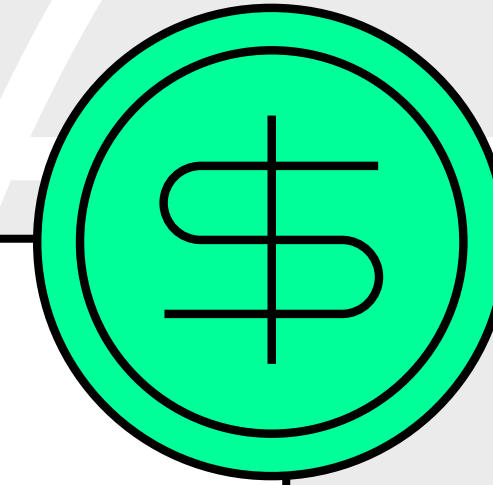
Until July 2021, there were two ways this occurred: employees could either provide details of a superannuation fund of their choosing, or if they didn't want to do that, they could simply nominate to go into the default fund of their employer's choosing. The latter was what around 40% of people have always done, meaning the employer's choice of a default super fund was extremely important.

However, in July 2021 [new legislation](#) was passed that 'staples' individuals to an existing fund that they have had super paid into, even when they change jobs, unless that individual specifies that they want their super paid somewhere else. This means employers now need to request all new employees' 'stapled super fund' details from the Australian Tax Office as a first port of call. And employees will now only go into a company's default super fund if they have no existing super in another fund AND choose not to nominate their own fund.

Why was super stapling introduced?

Super stapling was introduced to stop employees having their super scattered across a number of different funds, because it meant that individuals were actually paying separate fees to all these funds. So, in theory it's a good change -except that many young people who were put into a company's default super fund when they got their first job, may now default into a fund that isn't the most suitable for them (for example, an industry super fund in an industry they have now left) or a fund that doesn't align with their personal values.

This is why employee education around superannuation is more important than ever, so every individual can make informed decisions about where their superannuation is going (but more on this later)



Understanding default superannuation funds

This is a collection of insights we have learned from talking to companies, to superannuation consultants, superannuation funds, and others. It is not legal advice or financial advice, and nor should it be treated as such.

The limitations placed on a default super fund

Assuming that an employee doesn't have an existing super fund, they will enter the company's default fund -however, there are limitations as to what fund a company can choose for their default superannuation fund. This is governed by two main regulations:

The fund must be a **MySuper** product as designated by the Australian government.

The **Awards** for each industry, specified in the employment contract of an employee, often restrict which funds can be the default for your organisation.

My Super

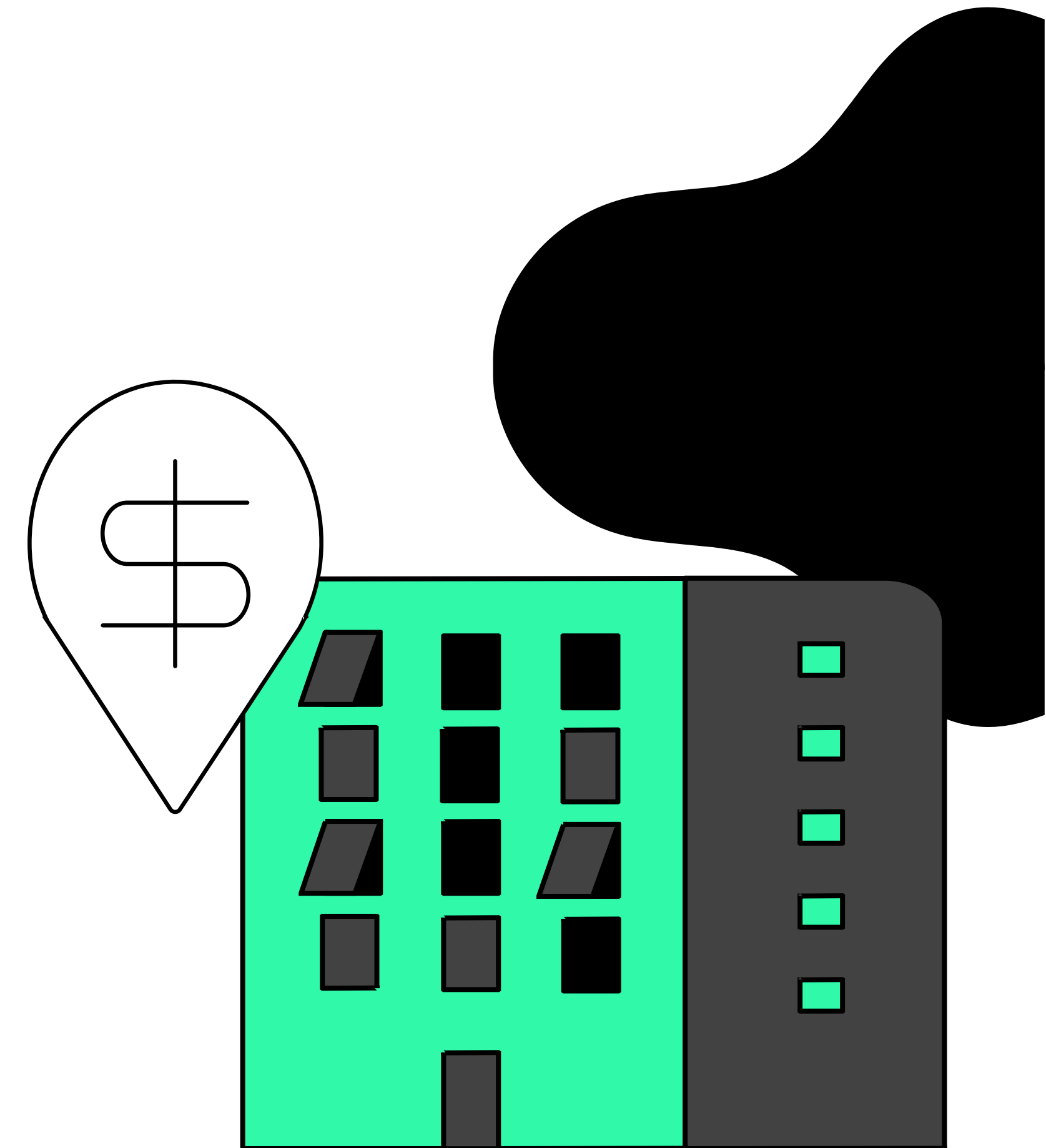
In order to be a default superannuation fund for a company, a fund must be a MySuper fund.

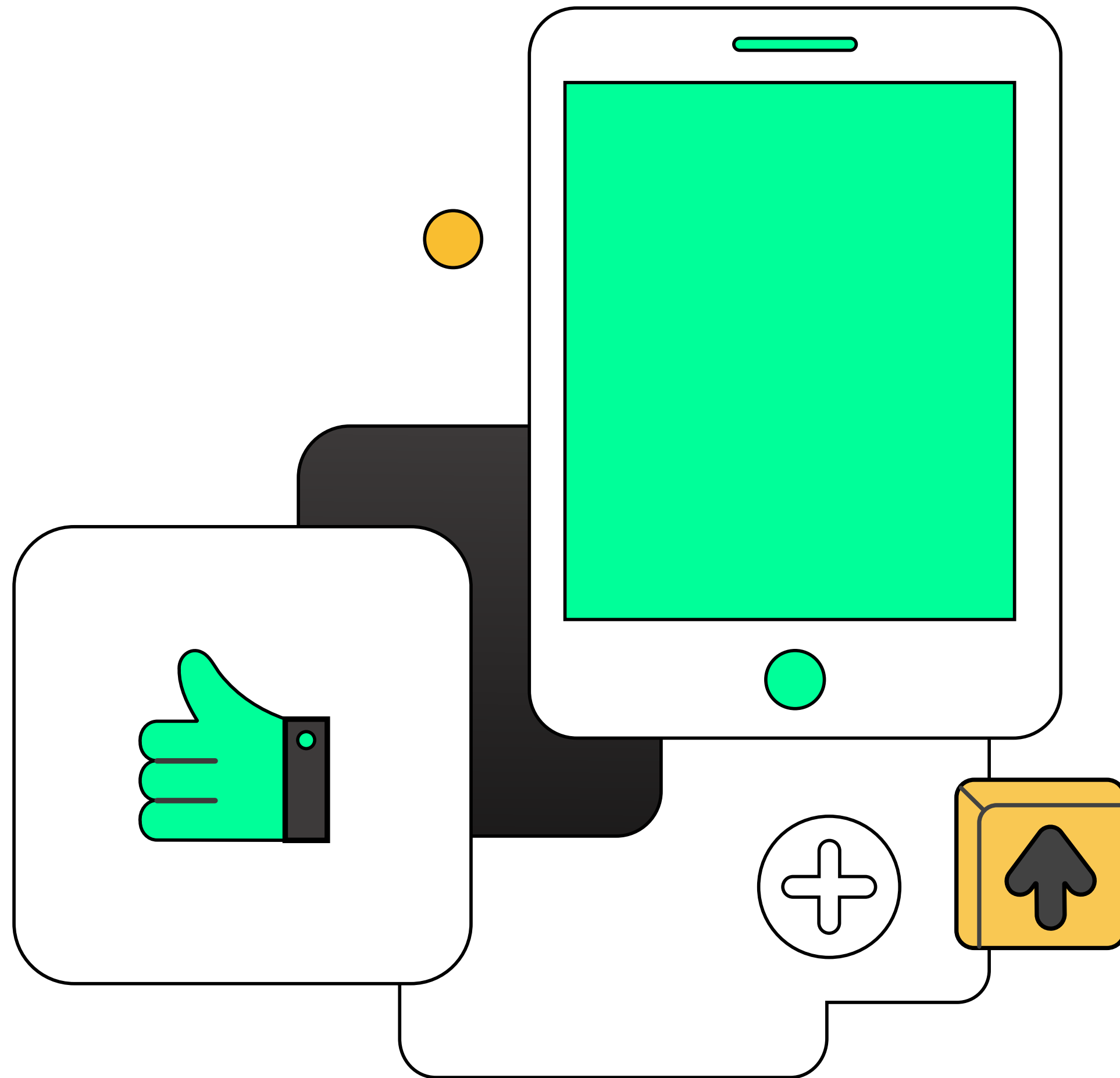
There are a number of requirements for a super product to be a MySuper fund, including reporting, limitations on the fees that can be charged, and that they must offer a basic level of cover for life and TPD (Total and Permanent Disability) insurance.

The good news is that it's simple: **If the super fund is not a MySuper fund, it cannot be used as a default superannuation fund.**

[This article](#) does a great job of explaining the history, purpose and challenges of the MySuper approach.

It's important to understand that individual employees can designate any super fund they wish, this is only a restriction on the default fund offered by employers.





The challenge here is that there are a lot of great ethical super funds, but very few that are MySuper funds. We found two options (Australian Ethical and Vision Super) that offered default, fossil-fuel free, MySuper funds.

So while Future Super, Verve Super, or others may fit the ethical investment criteria of your company, they cannot be the default until they have a MySuper option.

Awards

[Awards](#) are a set of regulations around employment benefits in Australia that cover a whole industry or occupation and provide regulation around things like minimum pay rates and employment conditions.

Unfortunately, these awards also limit what super funds can be default funds.

For most industries, the Awards dictate a [very short list](#) (sometimes only one!) super fund that the company within that industry can choose as their super fund. Your industry may be restricted, and you should first check to see if it is by reviewing your employment contract to see if it specifies whether employees in your organisation are governed by a specific award.

It appears that if your employment agreement specifically states that you are covered under a specific award, then the regulations around limitations to a specific super fund hold and you cannot choose a fund outside that list.

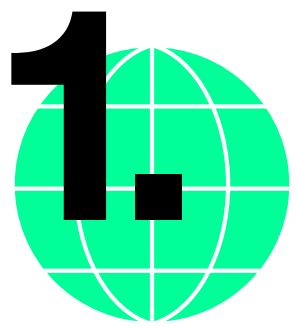
If your employment agreement does not mention the award, some experts have advised that you are not subject to any industry awards. [Fair Work Australia](#) states that “an employment contract cannot provide for less than the legal minimum” than an award. But there may be a case to be made that using a better MySuper option is not “less” but more. This is worth verifying with your legal team.

What to do if your company super is restricted by the awards

There may not be a fossil fuel free super fund that you can choose as your default. So your best bet is to:

- Make sure your employees are aware of their right to choose and point out a handful of ethical options they can choose.
- Select a super fund that has the lowest fossil fuel investments that meets the rest of your organisation’s criteria. Through this process you can also put pressure on those funds to provide a fossil-fuel-free offering.

Why changing super funds is worth it



Super funds the future -what do you want it to look like?

By contrast, investing roughly 8% of Australia's super would be enough to fund the transition to a 100% renewable electricity sector by 2030! Re-allocating that money is a powerful lever.

More often, it is a matter of accounting to make sure that energy consumed equals renewable energy generated somewhere else. This is because electricity flows through the grid and you can't only choose electrons from solar or other renewables, as they all get mixed together.



Better Investment Returns

The government found that the default super of at least 1.6 million Australians is underperforming so badly that it's on track to erode [almost half their balance](#) by the time they retire. As for ethical fund performance, the latest data shows they're not just holding their own; they're often ahead. [The 2024 RIAA Benchmark Australia Report](#) found that RIAA-certified responsible investment products outperformed their market peers over the medium and long term, delivering a 10-year average return of 13.20% compared to 9.19% for the broader market in Australian share funds. Managed growth and overseas equity funds showed similar strong performance.



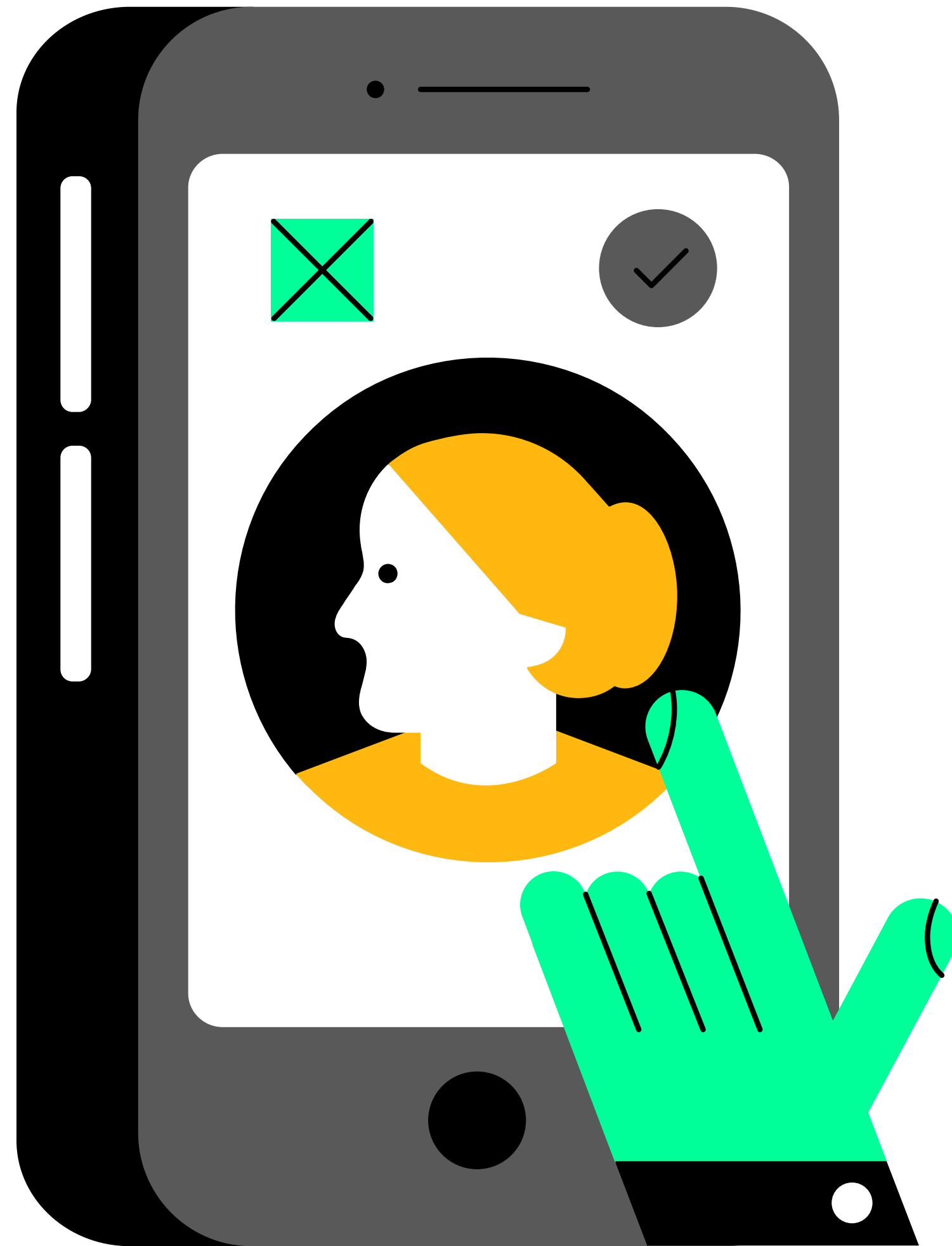
Companies that demonstrate strong environmental and social values have an advantage in recruiting and retaining employees.

Aligning your company's default super with its values is a tangible way to demonstrate your values. [Deloitte found](#) that purpose-driven companies had 40% higher levels of employee retention than competitors.



Climate risk equates to investment risk, and fossil fuel companies are exposed.

There are significant and well reported risks for Australians with climate-exposed super funds. Some of the biggest investors globally recognise this risk and are divesting, [to the tune of \\$US11 trillion \(\\$A16 trillion\) in 2019 alone.](#)



Assess your company's existing default super

Before you can make the case to change, you have to understand your current super fund. Our [Super Pulse Check](#) helps you assess your current super fund and your company's values to outline the opportunity for improvement.

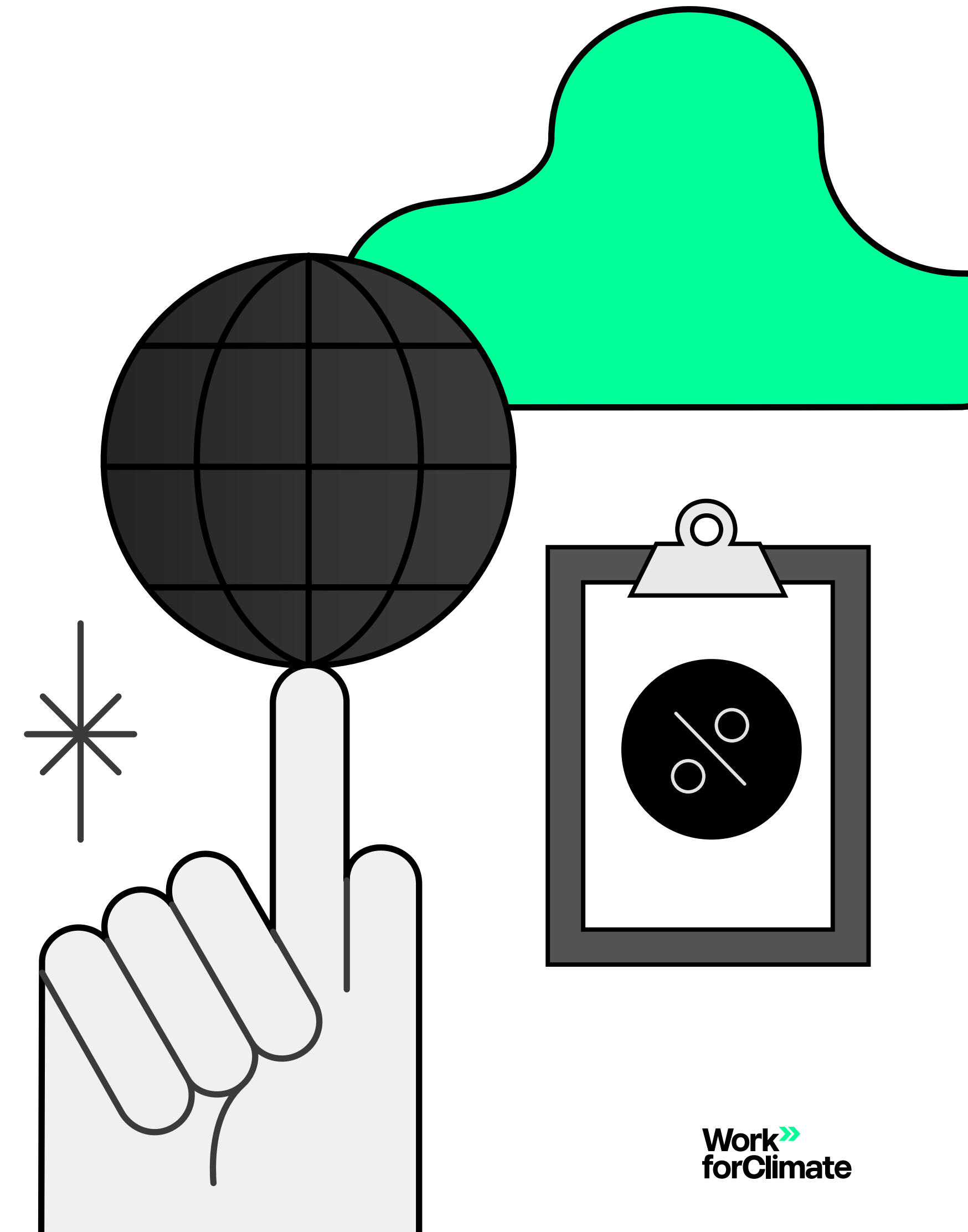
Always get proper legal and financial advice

WorkForClimate does not provide financial or legal advice. So, please consult with the experts in your organisation or work with external consultants.

02

Get help

- Learn who you'll need to work with to accomplish this goal in your company.
- Connect with external support resources.



Identify key people in your company

We recommend connecting with the key stakeholders within your business, which is usually one of the people or teams that we’ve listed below.

TEAM OR ROLE	PURPOSE(S)	TYPE
HR/Finance/Payroll Manager	Company specific information	Essential
	Implementation	
	Understands benefit to company culture, retention, and recruiting	
Executive (Head of HR, Chief People Officer)	Owns decision at company level	Essential
Legal	Advises on legal restrictions around Fair Work Awards	Supporting
Other colleagues	Demonstrate broad support	Supporting
	Provide evidence of employee demand for a change	



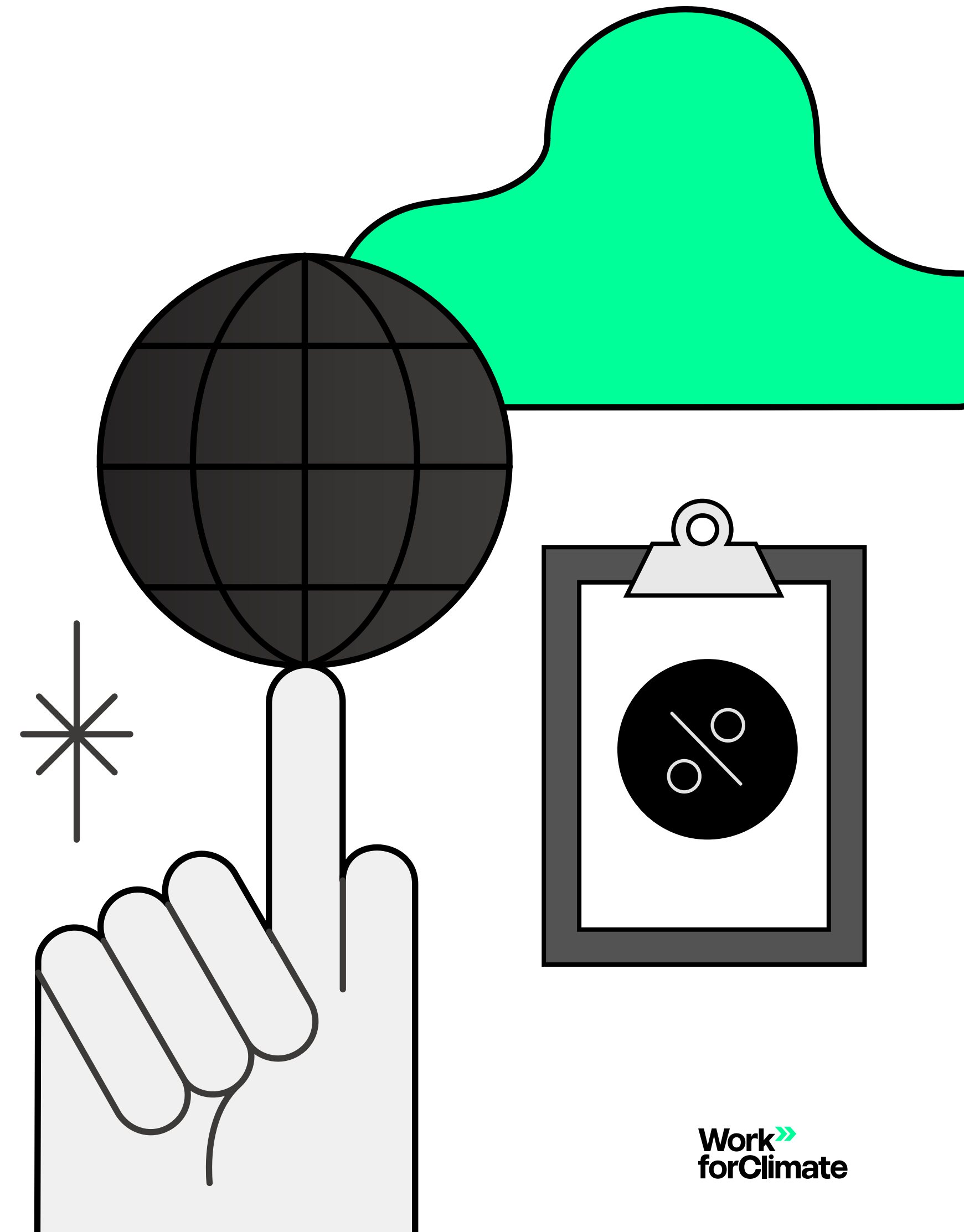
Identify potential consultants

There are a number of superannuation consultants and legal advisors out there. Do your research to find a partner that will help you work through any legal and financial considerations that you might have.

03

Build a plan

- Engage with your current default fund.
- Review the sample plan and adapt as necessary for your company.
- Get support for your plan with resources, mentors, and the WorkForClimate team.



Pressuring your current fund

Before you kick-off the process of switching super funds entirely, there is one other thing you should do: engage with your current default fund to try and convince them to stop investing in fossil fuels. With the support of your Finance team, contact your current fund and give them a reasonable commitment or milestone to publicly agree to, and warn them your company will switch your default option unless these expectations are substantially met within a certain timeframe.

If your company is limited by awards and/or MySuper requirements and cannot switch to an entirely ethical fund, engaging with your current default fund and asking them to invest more responsibly is also a great alternate pathway to take.

Super funds exist to serve their members, so even if it doesn't have immediate impact, the more corporations that pressure these funds to divest from fossil fuels, the more likely they are to eventually shift. [MarketForces Super Fund comparison table](#) is a great tool for figuring out how your super fund stacks up.

Learn how to change your company's default super

We'll help you build a plan that covers all the pieces necessary to make the switch. Here are the typical steps required:

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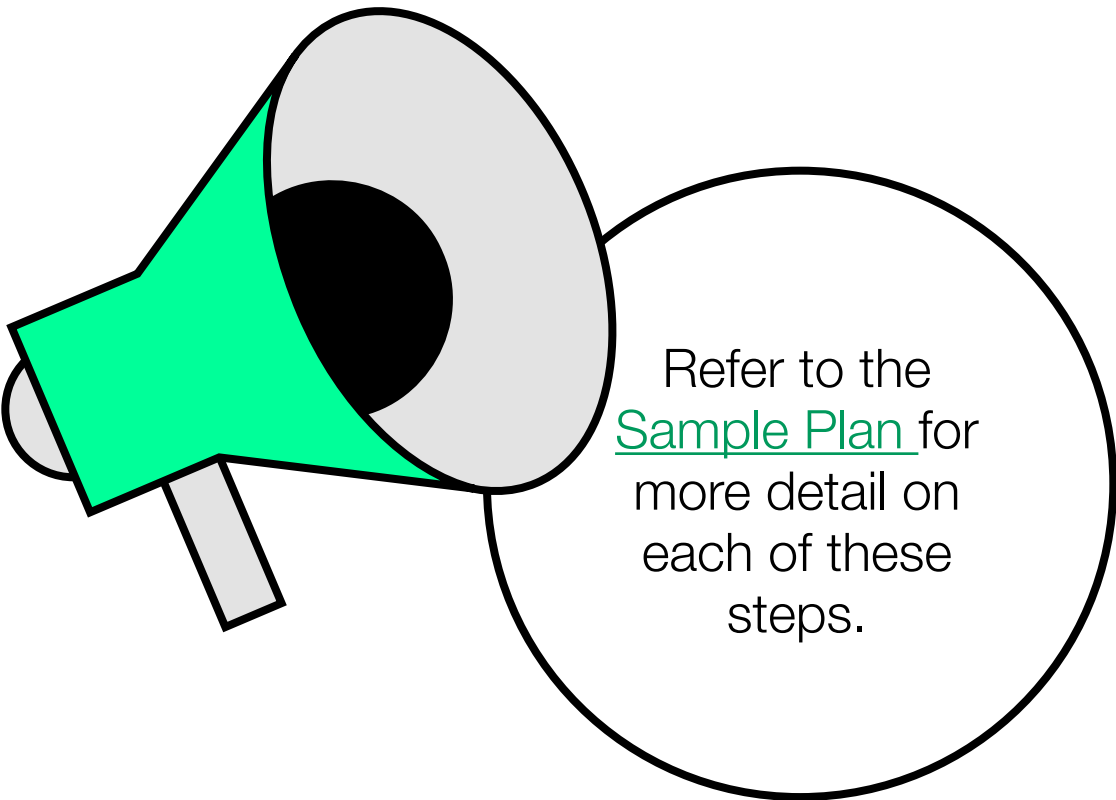
Determine what rules apply to your company's default super:

Fair Work Australia restricts [what funds can be chosen as a default fund](#). Even if you can't change the default super fund, you can still make an impact by alerting employees to the options they have, to change their own super, especially for anyone who is stapled to a previous fund. Use this [Sample Plan](#) as a tool for mapping this alternate pathway.

2.

Determine the decision makers for changing super:

Start with the Finance or relevant team in your organisation and find out how they approach these decisions.



<div>3.</div> <div>Develop your criteria and a shortlist of options:</div> <div>You have already started on this with the Super Pulse Check. It's important to establish what criteria are important to your organisation so that you can compare funds effectively.</div>	<div>4.</div> <div>Create the case for switching:</div> <div>Use the criteria and evidence you've gathered to explain why it's worth making this change for your company and its employees. You'll focus on this in Step 4: Make the Case.</div>	<div>5.</div> <div>Get buy-in from stakeholders:</div> <div>Present your case to your key stakeholders to get their support and uncover objections.</div>	<div>6.</div> <div>Decide on the recommended new super fund:</div> <div>Narrow down your shortlist further. This step can be as simple as inviting the top few providers to present to your stakeholders, or may require hiring outside consultants to review the impact of a super change and provide guidance on the list of possibilities. At a minimum, you'll want to question each of your finalists on the criteria that are most important to your organisation.</div>	<div>7.</div> <div>Get approval:</div> <div>Once the recommended fund has been selected, get final approval for the change.</div>	<div>8.</div> <div>Implement the change and notify employees:</div> <div>Make sure the Finance team and super fund do the necessary work to complete the switch.</div>
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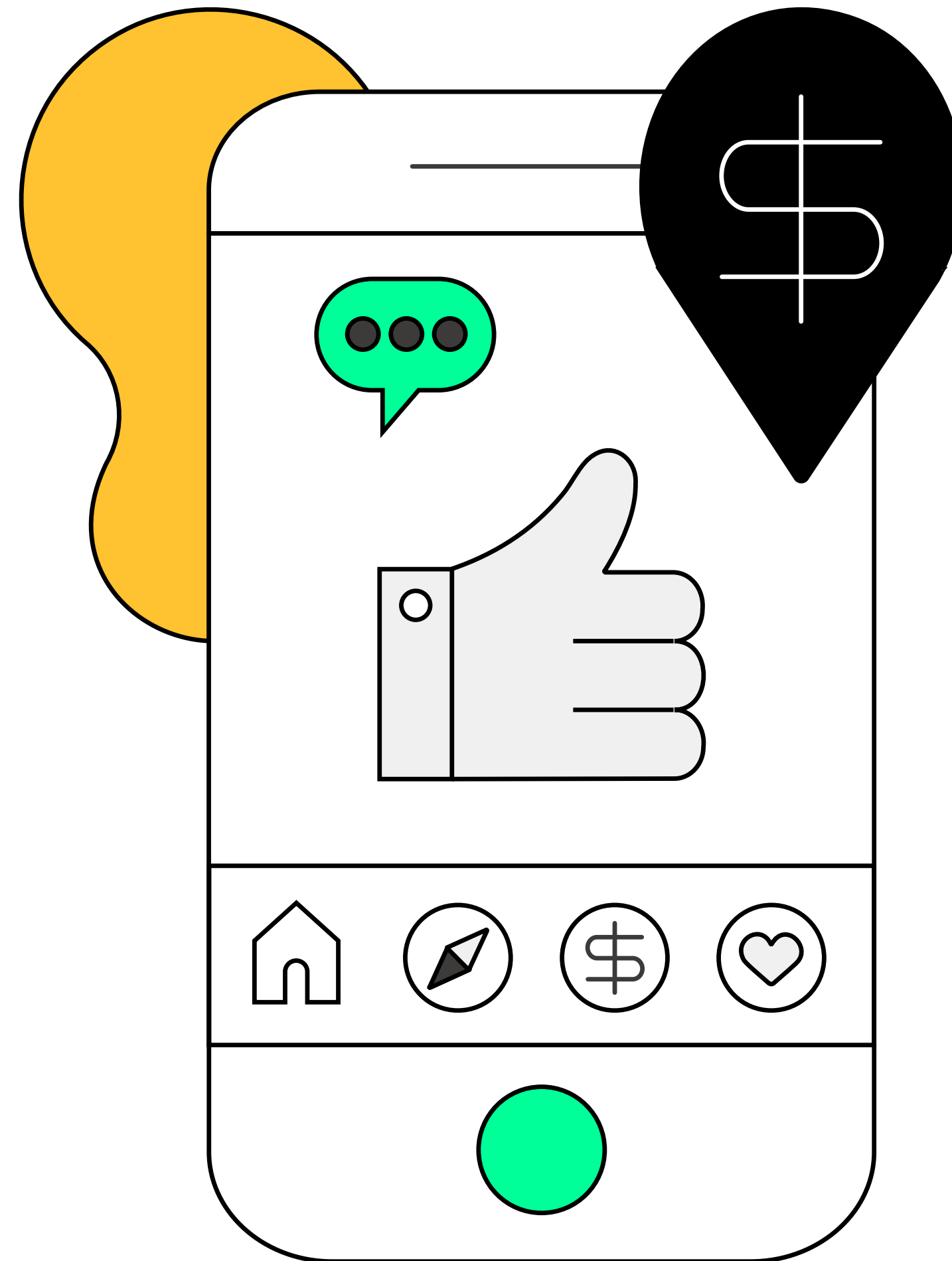
Influencing change

As you build your plan and carry it out, you will need to motivate, inspire, and influence people throughout your organisation. In most cases, making this change will require extra work for people, and you may encounter resistance.

Think about:

- Why might someone want to work on this? What's in it for them? Has anyone been outspoken about climate at your company that you might enlist?
- How is climate change already affecting the company, or how will it in the future? Has your company taken a position on climate? How can you connect achieving this goal with the company's broader mission and values? Can you write it into the blueprint and connect it back to the origin story and goals?
- Who is going to resist this change and why? Can you understand their objections and fears early so you can mitigate them?

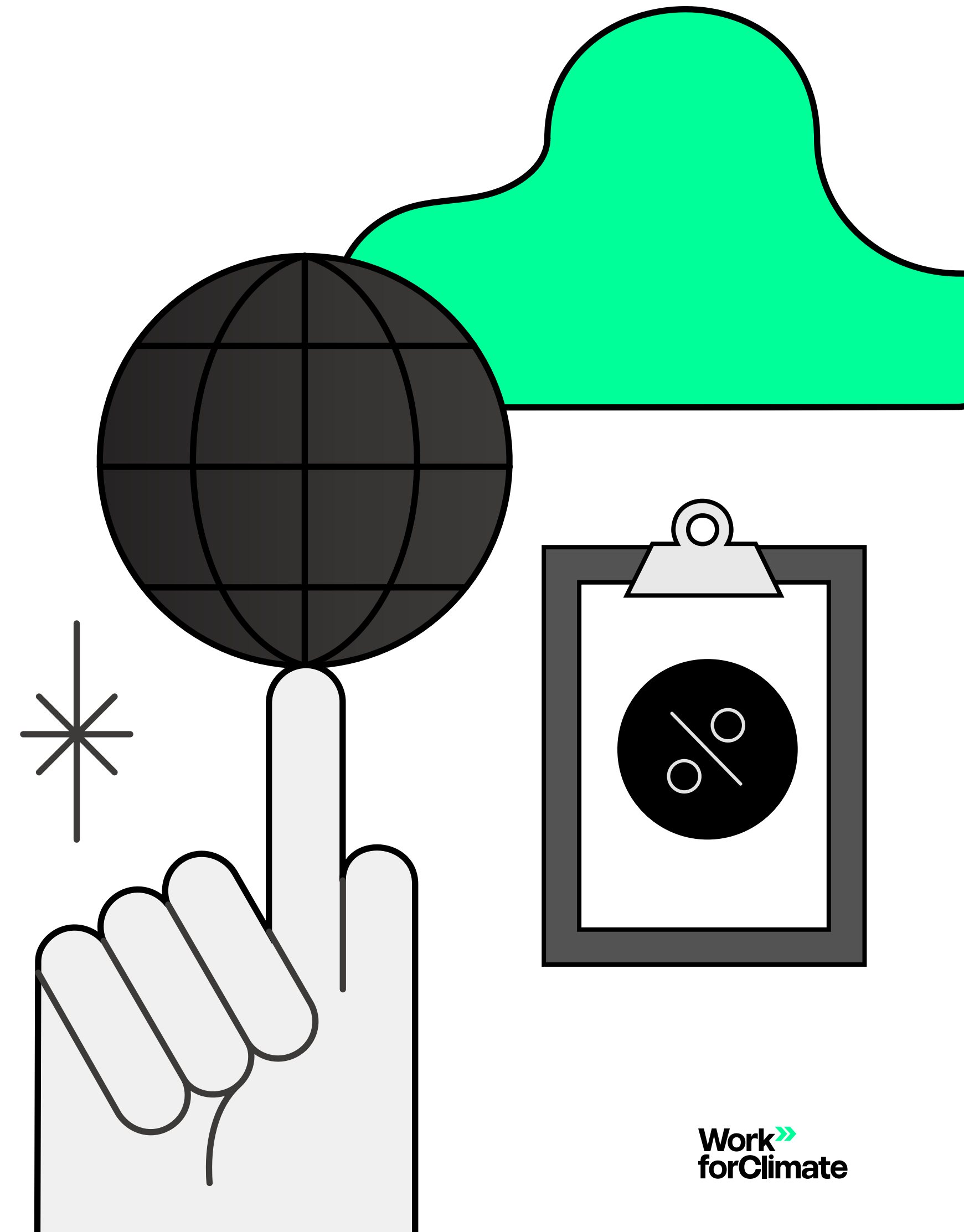
You'll need to flex this muscle most during approval steps, but you'll want to be working on it all along the way.

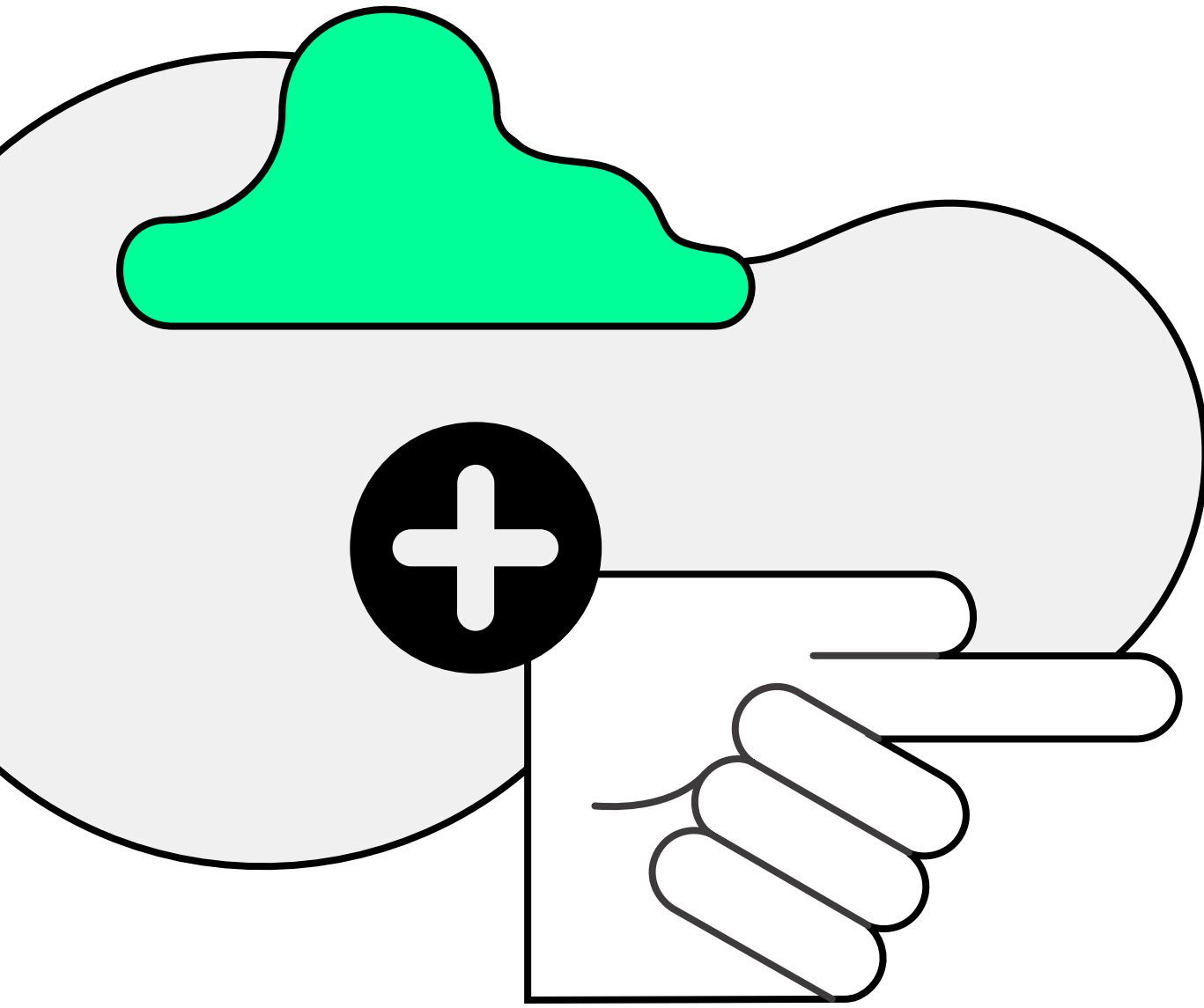


04

Make the case

- Create the shortlist of potential funds, and the recommendation.
- Create a proposal to change the default super fund.
- Support your proposal with additional materials.





Determine options for the new default fund

Refer back to the [Super Pulse Check](#) you completed in step one. What else have you learned about what criteria are important to your company since then? Use it when comparing funds to make sure your case will resonate with your company's values.

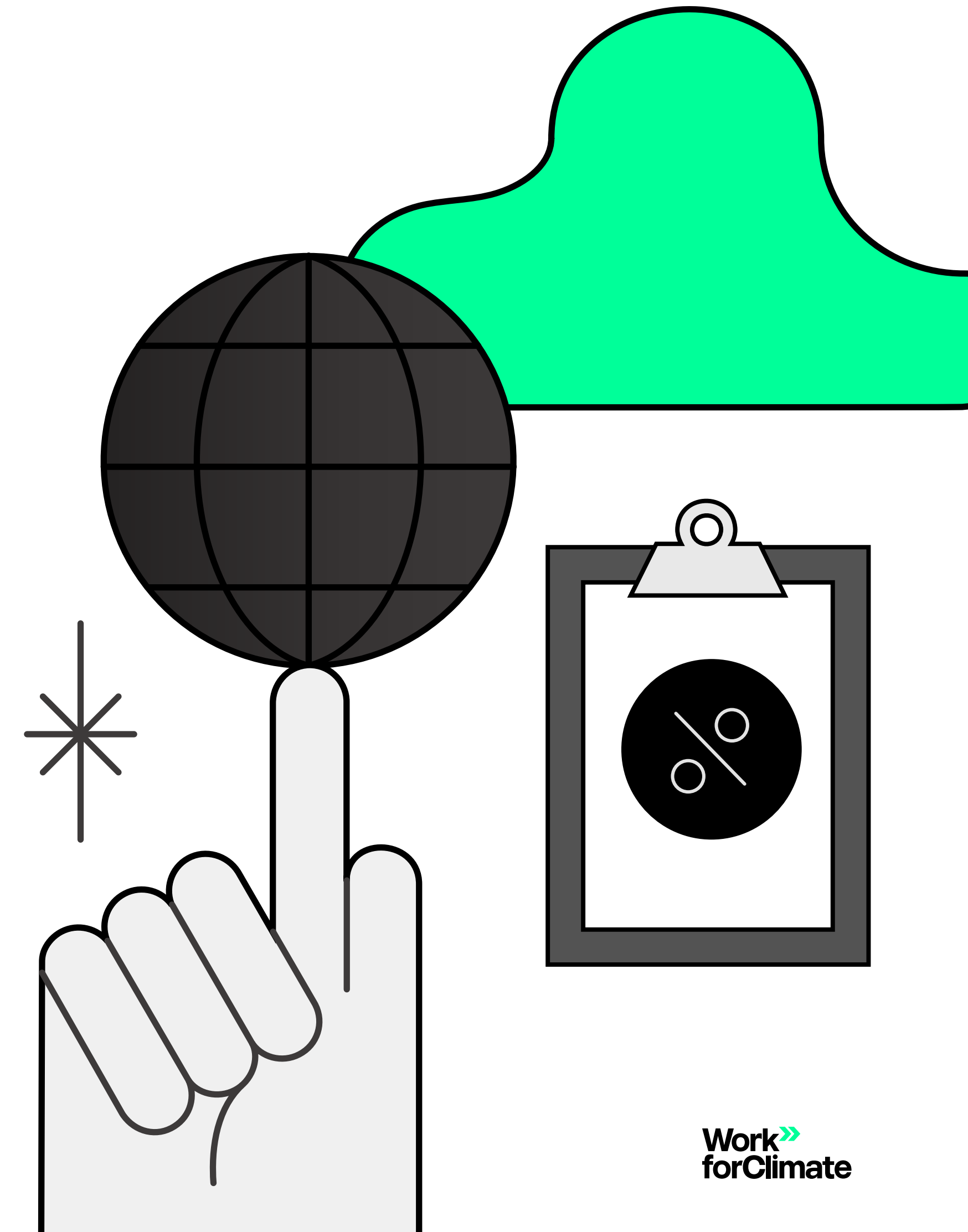
In the [Criteria and Comparison table](#), we have provided a list of MySuper funds that 1) meet government requirements to be a default super fund and 2) score well on exposure to fossil fuel investment. You can complete the table by adding your current default fund, any additional criteria from your company, and any other super funds you want to consider.

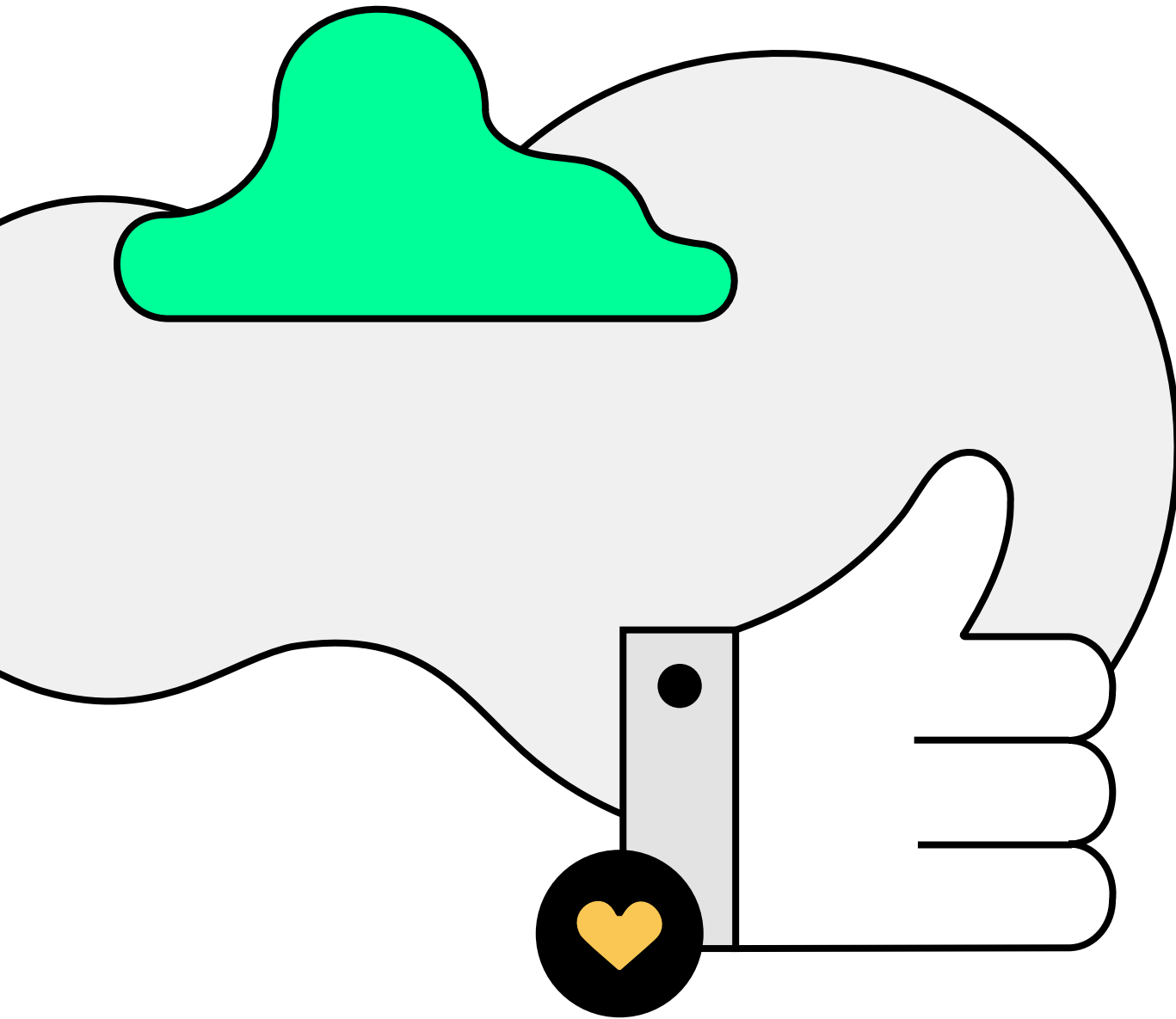
05

Execute the plan

- Gather support and official approval for the change.
- Work with your internal team and new super fund representative to implement.
- Communicate the change internally.

You've done all the preparation, now is the time to make this change happen.





Get the proposal approved

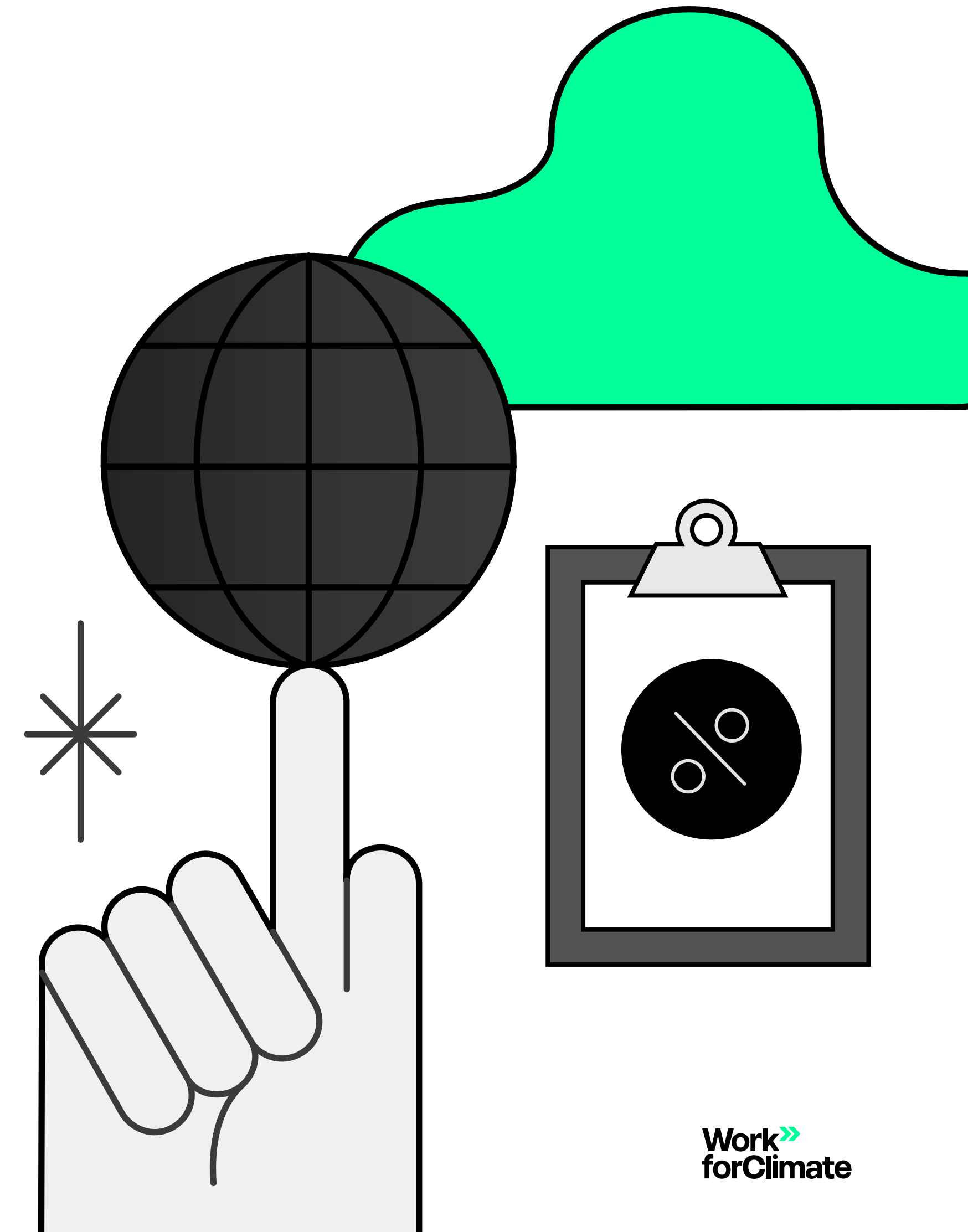
Build support and follow your plan to get approval. This may require multiple rounds of pitches, revising your proposal, etc. It all depends on your company, and this part of the process can go on for months, especially in more complex organisations. Others who have made this change successfully advised that it didn't require much effort, just patience.

If you get stuck, consult our guide on [Objection Handling](#) or get in touch with us. We'd love to hear how you're doing and help out where we can.

06

Celebrate

- Celebrate with and thank those that helped make this change.
- Educate new and existing employees about their super options and the change that has been made.
- Share the impact of this change with your company (and possibly, the world!).



Thank supporters and celebrate!

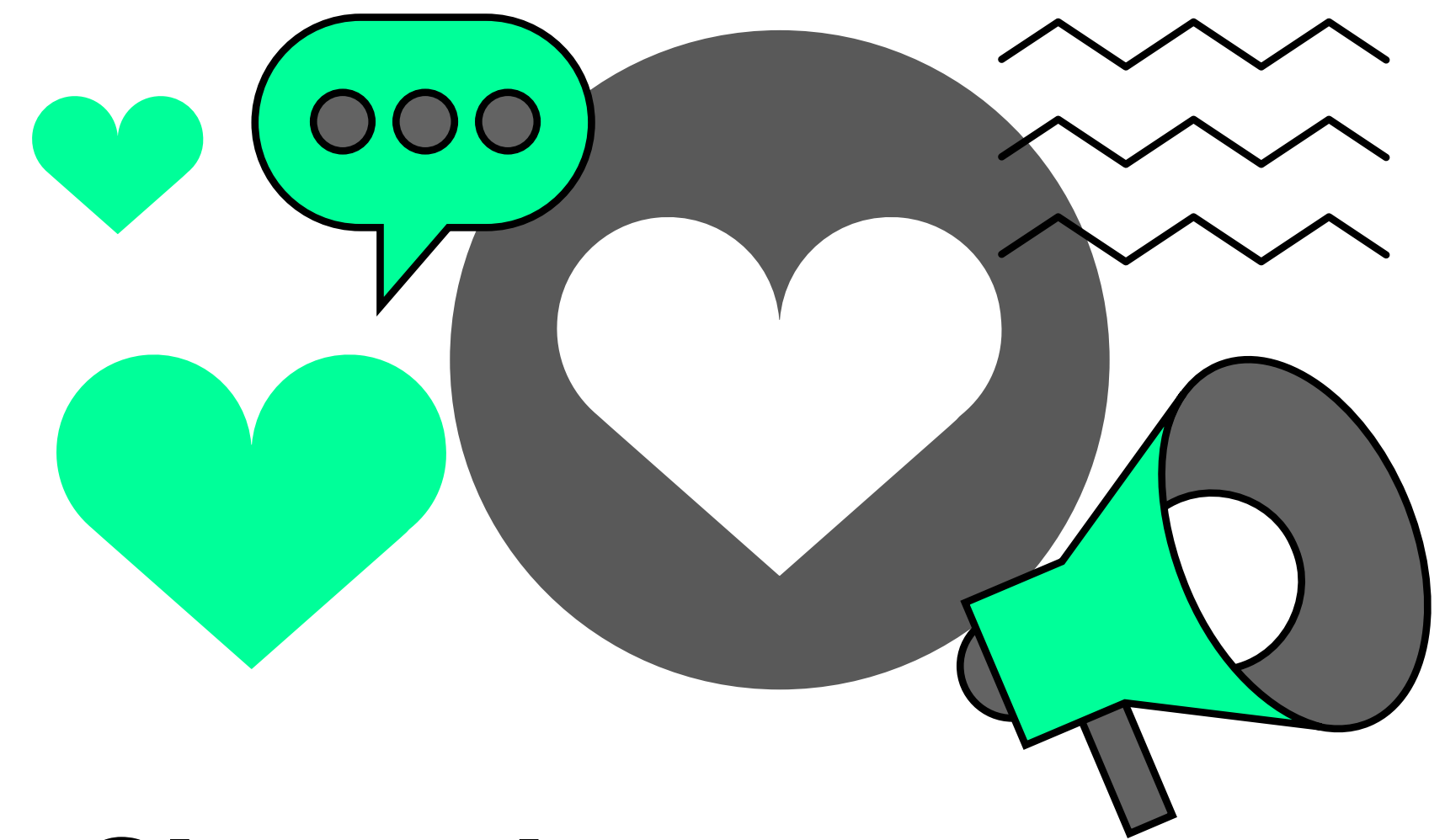
Congratulations on making this change! You should be proud of this accomplishment and the ongoing and compounding impact of making it.

Be sure to thank everyone that helped out, especially the folks in HR, Finance, and Payroll, and anyone else who had to do some heavy lifting to make this happen. You might need their support in a future goal, so make sure they truly feel your gratitude for your help. Is there a creative way you can say thanks?

Educate employees

As mentioned in Step 1 - Get smart, there have been some changes when it comes to employees being stapled to a super fund they currently have money in. So, in addition to ensuring any new and eligible employees are entering your new default super fund, it's important that employees who have an existing super fund are educated about actively choosing to nominate a more ethical one -like your new default fund!

We suggest that you work with your HR and Finance teams to create a one-pager to include in new employees onboarding materials and to be sent to current staff, explaining to them how super stapling works, how to assess their current super fund, (perhaps using our [Super Pulse Check](#)) and providing them with information about the company's new ethical default fund as an option for them to consider changing to if they aren't happy with their current fund.



Share the impact

It's time to share the good news with your company and, perhaps, the outside world.

We suggest sharing this change with your company in the medium that works best for you: email, an internal blog or intranet post, presentation at an all staff meeting, etc. Make sure to cover:

- Why making this change is important.
- The benefits and impact it will have.
- A thank you to all the people involved.

You may also want to work with your Communications or Public Relations team to promote the news externally too, as it can be a valuable addition to recruiting material or worthy of an external blog post, as an affirmation of your company's commitment to addressing climate change.

Resources

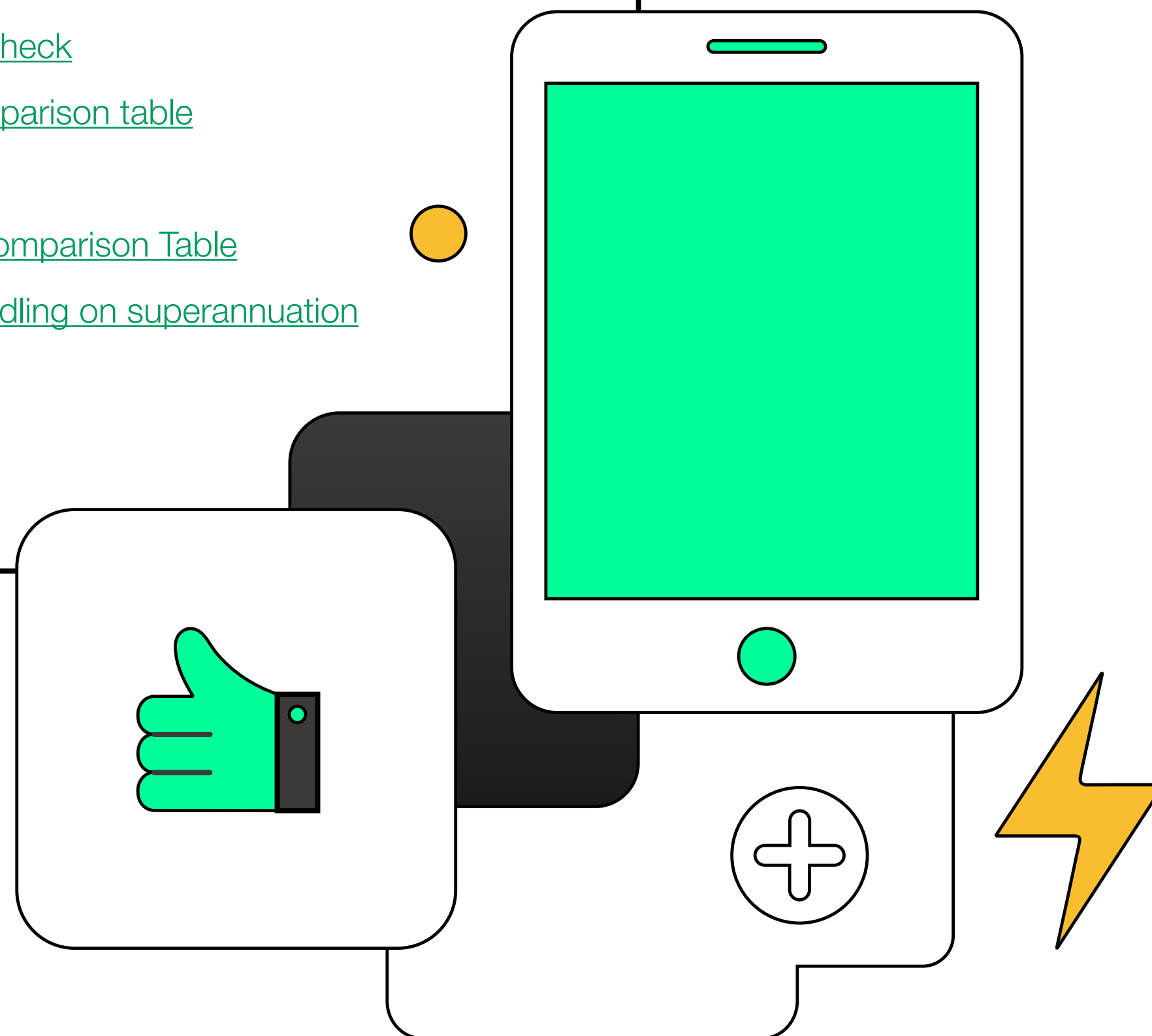
[WorkforClimate Super Pulse Check](#)

[Marketforces Super Fund comparison table](#)

[WorkforClimate Sample Plan](#)

[WorkforClimate Criteria and Comparison Table](#)

[WorkforClimate Objection Handling on superannuation](#)



Get in touch today to:

- Be connected with experts, coaches and mentors to make the case
- Give feedback on the playbook
- Share insights and success stories

BOOK A 1-1 CONSULTATION

info@workforclimate.org

