



“Just Put It in Super”

The Ethical Limits of a Popular Strategy

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Abstract

"Just put it in super" has become a common shorthand in Australian financial advice, reflecting superannuation's long-standing tax advantages and central role in retirement planning. While superannuation is often an effective and appropriate strategy, defaulting to it without sufficient consideration of a client's broader circumstances can create ethical and regulatory risk. Tax efficiency alone does not satisfy an adviser's obligations under the best interests duty or the Financial Planners and Advisers Code of Ethics.

This article examines the ethical limits of the *"just put it in super"* mindset, exploring how familiarity and administrative convenience can displace professional judgement. It considers common scenarios where superannuation recommendations may be technically sound but inappropriate in practice, including liquidity constraints, estate planning complexity, contribution limits and legislative risk. The article highlights how an over-reliance on tax outcomes can undermine the requirement to provide advice that is genuinely appropriate, balanced and client-centred.

Drawing on regulatory guidance and professional standards, the article outlines an ethical framework for superannuation advice that emphasises judgement over habit. It demonstrates how advisers can move beyond default thinking by clarifying client objectives, assessing constraints, comparing alternatives, explaining trade-offs and documenting reasoning. Ultimately, the article argues that superannuation should remain a considered recommendation (not a reflex) within a professional advice framework that prioritises long-term client outcomes over shorthand solutions.

Learning Outcomes

After reading this article, advisers should be able to:

1. Understand why tax efficiency alone is not enough when recommending superannuation
2. Recognise when defaulting to super may create ethical or best-interest risk
3. Identify situations where superannuation may be technically correct but inappropriate
4. Apply professional judgement, rather than habit, when recommending super
5. Explain the key trade-offs of superannuation clearly to clients
6. Consider the long-term consequences of superannuation advice
7. Compare superannuation with non-super alternatives, even briefly
8. Document clear reasoning to support and defend superannuation advice

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Through ongoing engagement with financial advisers and licensees, KeyInvest continues to invest in its digital platform and adviser portal delivering streamlined application processing, enhanced client visibility and efficient administration to support advisers in recommending investment bond solutions that empower Australians to achieve their goals with confidence and clarity.

About the Author

Nick Heuzenroeder is Head of Product Innovation, Governance & Partnerships and a Responsible Manager for both KeyInvest and KeyInvest Managed Investments. With a background spanning financial advice, product innovation, investment management and business leadership, Nick brings a strong blend of technical expertise and strategic, relationship-led thinking. He plays a key role in strengthening governance frameworks, overseeing product and operational risk, and fostering partnerships that enhance outcomes for investors, advisers and distribution partners.





Introduction

“*Just put it in super*” is one of the most frequently used phrases in Australian financial advice. It is often delivered with confidence, good intentions, and a genuine belief that superannuation represents the most tax-effective solution available. In many cases, that belief is correct. Superannuation remains one of the most concessionally taxed investment structures available to Australian investors, particularly over long-time horizons.

However, when a strategy becomes a reflex rather than a recommendation, it creates ethical risk. Advice that defaults to superannuation without sufficient consideration of alternatives may meet a technical tax objective while failing to meet the adviser’s broader legal and professional obligations.

Superannuation is a powerful tax structure, but it is also a constrained one. Preservation rules, contribution caps, estate planning complexities, and access restrictions mean that super is not universally appropriate. The legal and ethical obligations imposed on advisers require more than identifying the most tax-efficient vehicle. They require advisers to determine whether that vehicle is appropriate for the client’s broader circumstances.

This article explores the ethical limits of the “*just put it in super*” mindset and examines how advisers can ensure that superannuation recommendations meet both the best interests duty under the Corporations Act and the higher professional standards imposed by the Financial Planners and Advisers Code of Ethics 2019.

Why super became the default answer

Superannuation enjoys a privileged position in the Australian tax system. Concessional tax rates on earnings, the possibility of tax-free benefits in retirement, and decades of bipartisan policy reinforcement have entrenched super as the cornerstone of retirement planning. From an adviser’s perspective, super is familiar, well documented, and widely accepted by regulators, licensees, and compliance frameworks.

This familiarity is reinforced by professional training, modelling tools, and advice templates that naturally place superannuation at the centre of strategic discussions. Over time, super has shifted from being one option among many to being treated, in some advice conversations, as the *default* response to tax planning questions.

This shift is not inherently problematic. Problems arise when familiarity displaces judgement. ASIC has been clear that good quality advice is not defined by the use of commonly accepted strategies, but by whether recommendations are tailored to the client’s objectives, financial situation, and needs (ASIC, 2024).

Where advisers rely on superannuation because it is familiar, regulator-approved, or administratively convenient (rather than because it is demonstrably appropriate) the advice risks becoming process-driven rather than client-driven.

Best interests duty: more than tax efficiency

The best interests duty, set out in section 961B of the Corporations Act, requires advisers to act in the best interests of the client in relation to the advice (Corporations Act 2001 (Cth), s 961B). Importantly, this duty is not satisfied simply by recommending a strategy that produces a lower tax outcome.

ASIC has consistently emphasised that advisers must consider whether the client is *likely to be in a better position* as a result of the advice (ASIC, 2024). A recommendation that reduces tax but introduces liquidity risk, access restrictions, or estate complications may fail this test.

Tax efficiency is therefore a relevant consideration, but it is not determinative. Advice that prioritises tax outcomes to the exclusion of other material consequences risks breaching both the best interests duty and the obligation to provide appropriate advice under section 961G of the Corporations Act.

Superannuation recommendations that are driven primarily by tax outcomes risk overlooking these broader considerations.

When “just put it in super” becomes ethically problematic

There are several common scenarios where defaulting to superannuation creates ethical risk.

Access and liquidity constraints

Superannuation is, by design, a long-term structure. Funds are generally inaccessible until a condition of release is met. While this feature supports retirement adequacy, it also introduces rigidity.

For clients who require flexibility, whether due to business ownership, family commitments, or uncertain income, locking capital into super may conflict with their broader objectives. Small business owners, individuals approaching retirement with unclear timing, or clients supporting adult children may reasonably value access over tax deferral.

Recommending superannuation without adequately considering liquidity needs may breach the obligation to provide appropriate advice under section 961G of the Corporations Act.

Estate planning complexity

Superannuation does not automatically form part of a client's estate. Death benefit nominations, trustee discretion, tax on death benefits, and blended family dynamics can significantly complicate outcomes.

For example, adult children may incur tax on superannuation death benefits, while assets passed through the estate may not. Trustee discretion may override client intentions. In blended families, unequal super balances can create perceptions of unfairness.

A recommendation to “put it in super” without addressing these issues may reduce tax today while increasing the risk of dispute, inequity, or unintended outcomes tomorrow.

Contribution caps and legislative risk

Contribution limits, transfer balance caps, and evolving superannuation policy mean that super is not an unlimited tax shelter. Advisers must consider whether recommending superannuation now may constrain future planning opportunities.

ASIC guidance requires advisers to consider both current and reasonably foreseeable consequences of advice, including regulatory change risk (ASIC, 2024). A strategy that maximises super contributions today may reduce flexibility or increase exposure to future policy changes.

The ethical overlay: Code of Ethics considerations

The Financial Planners and Advisers Code of Ethics 2019 elevates the standard beyond legal compliance. Several standards are particularly relevant to superannuation advice.

- **Standard 2** requires advisers to act with integrity and in the best interests of the client.
- **Standard 5** requires advice to be appropriate, having regard to the client's circumstances.
- **Standard 6** requires advisers to consider the long-term effects of advice.

A "one size fits all" approach to superannuation is difficult to reconcile with these standards. Ethical advice requires active consideration of whether superannuation is suitable *for this client, at this time, for this purpose*.

Importantly, the Code does not prohibit recommending superannuation. It requires advisers to demonstrate that the recommendation is the result of judgement, not habit.

Superannuation and professional judgement

Professional judgement sits at the heart of ethical advice. Advisers are not technicians tasked with applying the tax law mechanically. They are professionals expected to balance competing considerations, explain trade-offs, and exercise discretion.

Recommending superannuation should therefore involve:

- explicit consideration of alternatives
- clear explanation of trade-offs
- documentation of reasoning

This is particularly important where the adviser believes super is appropriate. The presence of a familiar solution does not remove the need for justification; it increases it. Familiarity must not substitute for reasoning.

Practical framework for ethical super advice

To move beyond default thinking, advisers can adopt the following framework.

1. Clarify the client's objective

Is the goal tax minimisation, retirement income, estate planning, flexibility, asset protection, or a combination of these?

2. Assess constraints

Consider access needs, time horizon, contribution limits, legislative risk, and estate implications.

3. Compare alternatives

Superannuation should be compared to non-super options, even if briefly, to demonstrate that it is the most appropriate solution.

4. Explain trade-offs clearly

Benefits and limitations must be presented with equal weight. Clients must understand what they gain...and what they give up.

5. Document the reasoning

File notes and advice documents should reflect why super was chosen over alternatives, not merely that it was chosen.

This approach aligns with ASIC's expectations for good quality advice and provides a defensible audit trail.

Conclusion

Superannuation remains one of the most effective tax structures available to Australian investors. However, ethical advice requires more than identifying the most tax-efficient option. It requires advisers to exercise professional judgement, consider long-term consequences, and ensure that recommendations are genuinely appropriate to the client's circumstances.

"Just put it in super" may be an efficient shorthand, but it is not an ethical substitute for thoughtful advice. In a professional advice framework, superannuation should be a considered recommendation, not a reflex.

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You are welcome to reach out to discuss:

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To start a conversation or arrange a session please reach out. We'd be pleased to support you, your team and your clients.

Our Team:

How to reach our Distribution and Technical teams:

Sales & Distribution	Ciaran McAssey Executive Director, KeyInvest Managed Investments Mobile: 0412 027 256 Email: Ciaran.Mcassey@keyinvest.com.au
	Jarrad Gray Senior Distribution Manager Mobile: 0428 247 302 Email: Jarrad.Gray@keyinvest.com.au SA, WA, Vic & Tas advisers
	Jason Goodacre Senior Distribution Manager Mobile: 0499 722 644 Email: Jason.Goodacre@keyinvest.com.au NSW / broader east-coast advisers
	Andrew Meinel Head of Funeral Bond Distribution Phone: 0499 997 323 Email: Andrew.Meinel@keyinvest.com.au
Marketing & Technical	Adrian Elston Chief Sales & Distribution Officer Mobile: 0499 503 233 Email: Adrian.Elston@keyinvest.com.au
	Nick Heuzenroeder Head of Product Innovation, Governance & Partnerships (and Responsible Manager) Mobile: 0413 808 075 Email: Nick.Heuzenroeder@keyinvest.com.au
Investor & Adviser Services (applications and servicing support)	Frank Candeloro Investor Services Associate Phone: 1300 658 904 Email: Frank.Candeloro@keyinvest.com.au
	Jack Pillion Investor Services Associate Phone: 1300 658 904 Email: Jack.Pillion@keyinvest.com.au



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PO Box 3340 Rundle Mall Adelaide SA 5000

1300 658 904
F 08 8231 4079

info@keyinvest.com.au