

MEDIA RELEASE

7 September 2016

SUPERANNUATION BUDGET CHANGES

The FSC welcomes the release of the first five superannuation measures announced in the 2016-17 Budget.

The set of measures released today will result in more equitable outcomes for Australians contributing to superannuation, improve flexibility in administration of the system and assist in strengthening retirement outcomes.

While we believe that the objective of superannuation could be improved by including a focus on adequacy of retirement income, we support the Government's efforts in seeking to legislate a purpose for superannuation, supported by subsidiary objectives.

The FSC believes that a simple, transparent objective for superannuation will be the cornerstone of good policy for the superannuation system and protect it from further tinkering and raids from the parliament.

The other measures released today are an important part of the Government's plans to make the superannuation system more equitable for a range of stakeholders, while ensuring compliance costs of implementation to industry are muted.

FSC CEO, Sally Loane, said "Industry is pleased that the Government has adopted an administratively efficient approach to implementing the Low Income Superannuation Tax Offset (**LISTO**). The draft bill makes clear that the Government intends to implement the LISTO by adopting similar procedures currently in place for the Low Income Super Contribution (**LISC**) which will result in a minimisation of transition costs for industry and therefore superannuation fund members."

Loane said "The FSC supports the allowance of tax deductions for superannuation contributions. This will mean that people who don't work for an employer with a salary sacrificing arrangements will get the same treatment on personal contributions to superannuation from their income as those who do."

Loane said "Harmonising contribution rules for those aged 65-74 recognises that people are working longer and simplifies the process of administering their superannuation as they phase into retirement."

Loane said "We applaud the government for increasing the amount an individual's spouse can earn before the individual ceases to be entitled to a tax offset for spousal contributions. This threshold has increased from the prior figure of \$13,800 to \$40,000, providing an opportunity for more equitable superannuation balances to be achieved while minimising superannuation gender discrepancy issues."

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For further information contact the FSC on (02) 9299 3022 or via FSCMediaOffice@fsc.org.au

About the Financial Services Council

The Financial Services Council (**FSC**) has over 115 members representing Australia's retail and wholesale funds management businesses, superannuation funds, life insurers, financial advisory networks, licensed trustee companies and public trustees. The industry is responsible for investing more than \$2.6 trillion on behalf of 11.5 million Australians. The pool of funds under management is larger than Australia's GDP and the capitalisation of the Australian Securities Exchange and is the third largest pool of managed funds in the world.

