



MEDIA RELEASE

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THE NEED TO INCREASE THE SUPERANNUATION GUARANTEE

The Financial Services Council (FSC) has used its submission to the Retirement Income Review to reinforce the case for increasing the superannuation guarantee (SG) to 12 per cent, as currently legislated.

FSC CEO Sally Loane said the FSC has consistently supported moving to 12 per cent because the data supports the argument that the higher SG will ensure Australians have sufficient retirement savings.

“A rise in the SG will increase self-sufficiency in retirement and increase the long-term sustainability of the Age Pension,” Ms Loane said.

“The submission presents international comparisons showing the current settings are providing clearly inadequate retirement incomes for many Australians by OECD standards.

“The submission also argues that there are risks that adequacy may be even lower in coming decades, as superannuation returns may decline; longevity is likely to increase; and costs of retirement may increase.”

The FSC also presents new analysis showing superannuation contributions are economically beneficial for the entire community, including individual consumers and governments.

“Using a simplified example, the FSC submission shows every dollar saved in superannuation will provide a benefit in today’s money of \$1.37. This net gain of \$0.37 can be shared between the Government or individuals. This result may be surprising but it is simply a demonstration of the benefits of compounding interest,” Ms Loane said.

“In the example, a superannuation contribution of \$1 today becomes \$11.62 at retirement after tax; when discounted back to today’s money this becomes \$1.29. Adding in the present value of taxes brings the total value in today’s money to both individuals and Government of \$1.37.

“The submission demonstrates the clear need to boost SG to 12 per cent and how this boost to retirement savings can be a win for the whole community.”

Read the submission in full here: <https://fsc.org.au/resources/1931-fsc-submission-retirement-incomes-review/file>

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About the Financial Services Council

The Financial Services Council (FSC) has over 100 members representing Australia's retail and wholesale funds management businesses, superannuation funds, life insurers, financial advisory networks and licensed trustee companies. The industry is responsible for investing almost \$3 trillion on behalf of more than 14.8 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 fourth largest pool of managed funds in the world.