

## **MEDIA RELEASE**

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### **FSC CEO calls for 12 per cent super by 2022**

The Financial Services Council CEO, Sally Loane has called for bipartisan commitment to 12 per cent superannuation contributions by 2022 in her keynote speech to the FSC Annual Conference on the Gold Coast today.

“With average balances still low – at \$70,000 for women and \$110,000 for men – and compulsory contribution rates paused at 9.5 per cent until 2021, Australia’s superannuation system is a long way from achieving its objective,” Ms Loane said.

“Australians are not saving enough inside or outside of superannuation. Because of this, 80 per cent of Australians will still be accessing the age pension in 2050 – after 60 years of compulsory super. Even under the Government’s proposed increase in the access age for the age pension to 70 years, an astonishing 70 per cent of retirees will still receive some form of the age pension in 2055.”

“A superannuation guarantee rate of 9.5 per cent is simply too low to help Australians self fund their retirement,” she said. “The superannuation guarantee must be increased to 12 per cent sooner rather than later to plug the growing retirement savings gap.”

“Research by Rice Warner for the FSC, being released today, shows an average Australian woman must contribute 18 per cent of her income to super from the time she enters the workforce to achieve an adequate, self-funded retirement without the support of the age pension.”

“The research demonstrates that the decision to pause and slow down the Superannuation Guarantee has resulted in a \$136 billion blow out in the retirement savings gap.”

“On the current trajectory, the savings gap is increasing,” Ms Loane said.

The only time the FSC-Rice Warner Saving Gap Report shows retirement savings actually closing is when 12 per cent is put into the model.

“Today, the Financial Services Council is calling on the Government and the Opposition to commit to increase the superannuation guarantee to 12 per cent by 2022.”

“This will mean Australians entering the workforce in that year – the thirtieth anniversary of compulsory superannuation – will receive the full benefits of superannuation during their working lives and will be in a position to retire with adequate savings.”

Ms Loane said: “The Government’s commitment to no negative changes to super tax, and not touching super in the May Budget has been a welcome reprieve after years of tinkering.”

She also called on the Government and the Opposition to commit to a bipartisan approach to define the objective of superannuation and to enshrine it in legislation as recommended by the Financial System Inquiry.

“The FSC’s definition of the objective of superannuation is to ensure that the majority of Australians achieve an adequate retirement and reduce the call on the public purse.”

Ms Loane also said: “We should not be happy to lock in a system which amasses considerable sums but fails to meet its stated objectives.”

\*The retirement savings gap is the difference between the amount the working population will accumulate by retirement and the amount required for an adequate retirement for their life expectancy.

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#### **About the Financial Services Council**

The Financial Services Council represents Australia's retail and wholesale funds management businesses, superannuation funds, life insurers, financial advisory networks, trustee companies and Public Trustees. The Council has over 110 members who are responsible for investing more than \$2.5 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 fourth largest pool of managed funds in the world. The Financial Services Council promotes best practice for the financial services industry by setting mandatory Standards for its members and providing Guidance Notes to assist in operational efficiency.