



MEDIA RELEASE

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Super must be allowed to achieve its objective

Any plans to reduce the savings of middle Australia will increase long term pressure on the Federal Budget the Financial Services Council said today.

Sally Loane, CEO of the FSC said: "Future generations should not bear the cost of short term Budget decisions."

"Stopping superannuation guarantee payments at 9.5 per cent would be inconsistent with Australia's future needs for savings. It is simply too low to help the majority of Australians fund their retirement and would mean that more than 80 per cent of Australians would still be dependent on the age pension by 2050 – nearly 60 years after the introduction of compulsory superannuation."

"Australia has an aging population, and a shrinking tax base. We cannot afford to have 80 per cent of the population on the age pension by 2050."

"We need to save more for our retirement, not less," Ms Loane said.

"The retirement savings pool must be increased, particularly amongst middle income earners, to reduce the reliance on the Age Pension. Income support for seniors is costing the government \$44.7 billion this year alone and is growing at seven per cent each year."

Ms Loane also said that people entering the workforce now would not be able to save enough for a comfortable retirement independent of the age pension unless the rate is raised to at least 12 per cent.

"Stopping the SG rate at 9.5 per cent today will mean a 25-year-old woman will have \$70 000 less in retirement savings," she said.

"Super must be allowed to achieve its objective which is to ensure the majority of Australians have enough savings for a comfortable retirement and to take the pressure off the public purse."

"We have a rapidly aging community. According to our Intergenerational Report, the proportion of working age people to retirees will have fallen substantially from 7.3 working Australians per retiree in 1974-75 to an estimated 2.7 per retiree in 2050. That's simply unsustainable.

"Freezing the superannuation guarantee now will mean future generations will be paying for those retiring today."

"We urge the Government not to make short-term decisions but instead consider what is sensible public policy for the long-term benefit of the country."

"The industry is open to a conversation on how our super system can be improved, but having less in aggregate retirement savings is not negotiable," Ms Loane said.

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For further information contact: Robyn Tolhurst, Director of Communication T: 0411 177 773 E: rtolhurst@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. 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.