

MEDIA RELEASE

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FSC STATEMENT ON SUPERANNUATION TAX CHANGES

The Financial Services Council (FSC) notes the proposed budget changes to superannuation are designed to improve retirement outcomes for all Australians.

Positive measures that help women save for their retirement and extend the scope of superannuation to all Australians, including contractors are welcome. The FSC also supports the changes to retirement income products.

However the proposed restrictions on savers and retirees appear to be counterproductive.

FSC CEO Sally Loane said: "The test for this budget is whether Australia will have more pensioners or more self funded retirees."

Australia needs more self funded retirees. Many of these proposals appear counterproductive and we urge consultation to align budget measures with the objective of super.

The Budget lowers the concessional contribution cap to \$25 000, introduces a new \$1.6 million cap on accumulated balances and sets a \$500 000 lifetime cap on non-concessional contributions.

"The new caps and thresholds limit the capacity for Australians to save for their own retirement and will restrict retirees to an income of around \$80 000 per annum from their superannuation. An \$80 000 limit will fail to cover the costs of retirement for many Australians, when you include healthcare, aged care and a comfortable standard of living."

The Budget contains 11 new changes to superannuation taxes, six of which raise new revenue from savers or retirees.

However, the Government should be congratulated for three positive changes, including:

1. Introducing a mechanism to carry forward unused caps for five years where an individual has less than \$500 000, particularly helping women;
2. Extending the superannuation system to all Australians by broadening the tax deductibility of contributions and removing the work test for older Australians; and
3. Retaining the low income tax offset for those earning under \$37 000.

[ENDS]

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 110 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.