

MEDIA RELEASE

15 September 2016

CHANGES TO NON-CONCESSIONAL SUPER CAPS

The Financial Services Council (FSC) welcomes the Government's revised proposal on superannuation taxes following constructive and open industry consultation.

We particularly welcome the changes to the non-concessional (after tax) contribution caps.

For those Australians who can afford it, they will now be able to place \$125,000 into super each year until they reach the \$1.6 million cap. This is made up of \$25,000 of concessional contributions and \$100,000 of after tax contributions.

The FSC has consistently argued that the proposed backdating measures would have been difficult to implement and they also conflicted with the long-term nature of superannuation policy, undermining opportunities for consumers to prospectively plan for their retirement.

The removal of the \$500,000 cap gives Australians who can afford to save more, increased flexibility to do so and avoids administration that would have increased costs for superannuation savers.

Sally Loane, FSC CEO said: "The changes are sensible and will hopefully provide some final clarity to the shakeup of the super rules.

"More than anything, Australians want the Government to settle on a model and not touch it for at least a decade. We need certainty about super rules if we are to maintain and strengthen public trust and confidence in our system.

"In order to get long-term certainty, we urge the Government to remove superannuation from the annual Budget cycle, and instead tie it to the five-yearly Intergenerational report, which would enable sound policy to be built based on demographic shifts.

"The real and lasting test for superannuation policy is if it delivers more Australians who are able to self-fund their retirements in future generations, and fewer Australians relying on the old age pension.

"Superannuation is our only truly intergenerational public policy, the purpose of which is to provide adequate self-funded retirement incomes for all of us, and equally importantly, to reduce pressure on the age pension system, which at \$44.7 billion a year and rising at a rate of seven per cent each year, already consumes 10 per cent of the Federal Budget.

"Australians need to increase their saving rates – both compulsory and voluntary – with a view to getting pension reliance down."

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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 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 more than \$2.7 trillion on behalf of 13 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.