

Friday, February 9, 2018

All Australians will benefit from 12% super: AIST

Lifting the compulsory superannuation rate to 12 per cent will benefit all Australians, the **Australian Institute of Superannuation Trustees said today.**

Responding to a recommendation from the Grattan Institute this week to halt the Superannuation Guarantee (SG) rate at 9.5 per cent, **AIST CEO Eva Scheerlinck** said this would deny most of the Australian population an adequate income in retirement and also lead to higher Age Pension costs for taxpayers.

The SG is legislated to lift to 12 per cent by the financial year 2025-2016, which represents a significant delay of several years on previous timetables supported by former Labor Governments.

“Leaving the Superannuation Guarantee rate at 9.5 per cent will not deliver an adequate retirement income for working Australians, with many women (who currently retire with about half the super of men) particularly vulnerable,” Ms Scheerlinck said. “A 12% SG rate not only addresses the challenges of Australians living longer in retirement, it also ensures ensure that future generations of taxpayers – the young people of today – are able to support a rapidly ageing population.”

Ms Scheerlinck also noted that recent delays to the 12 per cent timetable had not led to higher wages, particularly for low income earners.

“Many low-income earners earn the minimum wage which is set by the Fair Work Commission Expert Panel. There is no evidence the employers of these individuals have lifted wages in response to delays in the SG timetable,” Ms Scheerlinck said.

While Ms Scheerlinck agreed with Grattan that low income earners, particularly women who did not own a home, faced the greatest risk of poverty in retirement, but said leaving the SG at 9.5% was not the solution.

“Women who have been low income earners throughout their working life and don’t own a home should not have to choose between housing security and an adequate income in retirement,” Ms Scheerlinck said.

In its recent submission to the 2018 Federal Budget, AIST supported Women in Super’s policy proposal to provide an annual \$1000 super boost to qualifying low income earners. AIST also supports policies to tackle the challenges faced by many Australians around housing and rental affordability, noting these issues are increasingly impacting on retirement well-being.

“Australia’s compulsory retirement savings system is the envy of other countries, who are now battling to support unfunded pensions.” said Ms Scheerlinck. “Lifting the super rate to 12 per cent is about taking the responsible steps now for the long-term benefit of Australia.”

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AIST is the peak industry body for the \$700 billion profit-to-member super sector which includes industry, corporate and public sector funds.