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Welcome measures to tackle lost super but super gender gap ignored: AIST Budget response

The 2018/19 Federal Budget delivered welcome measures for the efficiency of the super system, but disappointedly did little to improve retirement outcomes for women, **the Australian Institute of Superannuation Trustees (AIST)** said today.

AIST CEO Eva Scheerlinck said while it was pleasing that the Government had not deferred the timetable to increase the compulsory super rate to 12%, more needed to be done to address the gender gap retirement savings that sees women retire with about half the super of men.

AIST previously called on the Government to back a proposal from Women in Super for an annual \$1000 boost to super savings of low income women and had also advocated for the removal of the \$450 monthly income threshold.

“While Budget measures to help pensioners access their home equity and expand the Pension work bonus are welcome, this doesn’t address the problem of most Australian women retiring with inadequate super balances and being almost entirely reliant on an age pension that is very low by international standards,” Ms Scheerlinck said.

The expanded Pension Work Bonus will allow pensioners to earn an extra \$1300 a year without reducing their pension payments. The Pensions Loan Scheme will be expanded to all Australians over the pension age, including self-funded retirees.

Commenting on the Budget announcement to provide the Australian Tax Office with new powers to proactively reunite lost and low balance inactive super accounts, Ms Scheerlinck said this was a much-needed move to tackle Australia’s \$16 billion lost super problem.

“The ATO must be adequately resourced to ensure that members’ savings are quickly returned to their active super fund,” Ms Scheerlinck said.

On Budget measures to remove insurance in super for the Under 25s, Ms Scheerlinck said caution was needed to ensure some fund members were not disadvantaged by such a measure, such as blue collar workers who start work younger and often work in hazardous jobs.

Ms Scheerlinck said the industry had recently adopted an Insurance in Super Code of Practice that required funds to carefully balance the insurance needs of members and the impact of insurance premiums on their balance.

On announcements concerning retirement income products, AIST looks forward to consulting with the Government to ensure the retirement income framework is flexible and appropriate for all members, especially those with lower balances.

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AIST is the peak body for the \$1.2 trillion profit-to-member superannuation sector which includes industry, corporate and public sector funds.