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Call for Parliamentarians and super industry to support low income rebate

The Australian Institute of Superannuation Trustees (AIST) has called on Parliamentarians and the super industry to support the Low Income Super Contribution Scheme (LISC) which it says is a much-needed equity measure in Australia's super system.

AIST President, Cate Wood said the scheme ensured that the lowest paid in our community got a fair deal from the super system.

"Removing this scheme - as the Coalition has foreshadowed it will do if it wins the next election - will mean that low income earners will pay more tax on their super than their take home pay. That's not only unfair, but it means that 3.5 million Australians, including some 2 million women, could be significantly worse off in retirement," Ms Wood said.

Ms Wood said it was disappointing that so much of the current media and industry debate about superannuation focused on tax concessions for the well-off.

"We need to get some perspective in the super debate. There is lot of noise about tax concessions for the very rich or whether \$1 million is a lot to retire on. Meanwhile, a serious threat to a policy measure that is squarely aimed at helping lift the standard of living in retirement for 3.5 million people hardly rates a mention," said Ms Wood.

"We also hear a lot about the need for certainty and confidence in super. This is what the low income scheme delivers so it's something that the super industry must not ignore and need to support," she added.

AIST's analysis of the LISC (see table below) – which came into effect in July 1, 2012 – shows that it could be worth more than \$62,000 (in today's dollars) at retirement for those whose annual income is less than \$37,000.

"For the low paid – as well as many women who are working part-time to raise children or care for family members – this level of savings has the potential to make a significant difference to their retirement outcome," Ms Wood said.

AIST is writing to all Parliamentarians asking them to support the measure.

Further media enquiries:

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AIST is the peak industry body for the \$450 billion not-for-profit super sector which includes industry, corporate and public sector funds covering the super interests of nearly two-thirds of the Australian workforce.

What the Low Income Super Contribution could be worth

Age now	Extra super at retirement*
20	\$62,795
25	\$51,973
30	\$42,424
35	\$33,969
40	\$26,447
45	\$19,713
50	\$13,742
55	\$8,528
60	\$3,975

*In today's dollars

Calculations based on ASIC's Moneysmart website, assuming full eligibility for LISC of \$500 per annum for remaining working life; Retirement age 65; fees paid out of other superannuation monies, 'balanced' investment option.