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Super-Shock: Coalition's delay to super increase would see millions of Australians worse-off in retirement

The peak representative body of not-for-profit superannuation funds - The Australian Institute of Superannuation Trustees (AIST) – said it was very disappointed with Opposition Leader Tony Abbott's announcement last night that a Coalition government would delay the Superannuation Guarantee (SG) increase by two years.

AIST CEO Tom Garcia said delaying the lifting of the compulsory super rate to 12 per cent was counter to the Coalition's pledge to make "no unexpected adverse changes to superannuation" in its first term if it won the next election.

"What could be more adverse than delaying the super increase," said Mr Garcia. "Lifting the SG to 12% has overwhelming public support. It will benefit millions of Australians in retirement and reduce the pressure on future governments – as well as generations of taxpayers - to meet the costs of our rapidly ageing population".

Mr Garcia said the gradual rise in the SG from 9 to 12% by 2019/20 was critical to ensuring that the majority of Australians retired with an adequate income. Under the Coalition's plan, the SG would not reach 12% until 2021/22.

"We are very concerned that this announcement by the Coalition could be the thin end of the wedge - it brings into question their commitment to compulsory superannuation," Mr Garcia said.

Mr Garcia said AIST was also disappointed that Mr Abbott had confirmed the Coalition's intention to scrap the Government's Low Income Superannuation Contribution (LISC) Scheme. This scheme – which came into effect on 1 July last year - provides a super rebate of up to \$500 for individuals earning less than \$37,000 and is estimated to benefit more than three million Australians.

"This is a much-needed measure that removes a tax inequity in our super system," Mr Garcia said. "Previously, low income earners were paying more tax on their

super than their tax home pay. There can be no argument that the LISC scheme isn't sound policy that deserves to remain in place".

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AIST is the peak industry body for the \$500 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.