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Labor's super proposals an important step to improving retirement outcomes

The Australian Institute of Superannuation Trustees (AIST) welcomes Labor's pre-election commitment that it will pay superannuation on government paid parental leave and scrap the minimum \$450 monthly pay threshold for super payments.

AIST CEO Eva Scheerlinck said adding super to paid parental leave and phasing out the \$450 monthly pay threshold were both important steps to closing the super gender gap at retirement and ensuring universal coverage of super.

"These changes will boost the super of thousands of women, as well as many men on low incomes, and also create a simpler system by making super a universal entitlement," Ms Scheerlinck said.

Under the current \$450 monthly pay threshold, employers are not required to pay superannuation guarantee (SG) to workers over the age of 18 who earn less than \$450 per month.

Ms Scheerlinck said the \$450 threshold was outdated and made it hard for those working multiple jobs to save for their retirement, many of whom were low paid women.

"There are women working for 3 or 4 employers who aren't hitting the income requirements for superannuation from any one of them," said Ms Scheerlinck. "Removing this threshold is particularly important with the increasing casualization of the workforce."

Ms Scheerlinck said adding super to government paid parental leave was another important step in improving retirement outcomes for women.

"Time spent out of paid work to care for a child contributes to women retiring with inadequate super. Putting super on paid parental leave is great news for government workers and we hope other employers are inspired to follow suit," Ms Scheerlinck said.

Labor's proposed changes – estimated to cost \$400 million - include:

- Phasing out the \$450 per month income SG eligibility threshold from 1 July 2020-1 July 2024;
- Super on government Paid Parental Leave and Dad and Partner Pay payments from 1 July 2020;
- Phasing out the \$450 per month income SG eligibility threshold from 1 July 2020-1 July 2024;
- Amending the *Sex Discrimination Act 1984* to ensure businesses can make higher super payments for female employees when they wish to;
- An annual women's budget statement for greater transparency and policy impacts understanding.

Ms Scheerlinck said the annual women's budget statement was important to assess the impact of future super changes on women.

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Moving to 12% compulsory super in accordance with the legislated timetable was also very important to improve retirement outcomes for women, she added.

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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.