

Pension measurements a good first step – long-term super strategy must be next

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Pension measures announced in tonight's Federal Budget will improve the fairness and sustainability of Australia's retirement income system but superannuation and its role in the greater economy must be critically examined, the **Australian Institute Superannuation Trustees (AIST)** said today.

AIST CEO Tom Garcia said the proposed changes to the pension asset test - which will benefit less well-off pensioners but tighten the eligibility for those pensioners with higher assets - were a welcome alternative to the Government's previous plan to change the pension indexation rate.

"The Government's decision to retain the indexing of the Age Pension twice a year at the highest indexation recognises the significant role the Age Pension will continue to have in providing and boosting the income of Australian retirees for decades to come," he said.

Mr Garcia said it was good to see that there were no major changes or surprise developments concerning superannuation in the budget.

"We welcome the Government's decision to leave super alone in this budget so that it can be comprehensively examined in the current Tax Review,' Mr Garcia said.

"Changes to the Age Pension will impact on super. We have a three pillar system so we need to take a holistic approach that looks at all aspects of our retirement income system to ensure it is adequate, fair and sustainable."

On other superannuation announcements, Mr Garcia welcomed increased funding to the ATO which has an important role in superannuation as well as changes to provide improved access to super for the terminally ill.

"Improving access to super for the terminally ill is an important fairness measure that will allow more time for people to sort out their affairs or help pay for medical treatment"

In regards to measures concerning Paid Parental Leave that will restrict individuals to one PPL scheme, Mr Garcia said it would be concerning if this move resulted in parents losing out on superannuation as a result of a shift away from employer-based PPL schemes that currently pay superannuation.

"Unfortunately the Government PPL scheme does not pay superannuation so any shift away from employer-based schemes may worsen the gender gap at retirement which is a real concern"

On the decision to collect an additional \$46.9 million in superannuation supervisory levies from the industry, Mr Garcia said AIST remained concerned about a lack of transparency in the methodology behind the raising of levies.

"AIST will be seeking to consult with the Government and Treasury to ensure that Cost Recovery Guidelines are applied in raising supervisory levies."

Noting that the Budget papers show the cost of the super tax concessions is expected to rise to more than \$50 billion by 2018-19, Mr Garcia said AIST's submission to the Tax Review would be heavily focused on ensuring these concessions are well-targeted but also adequate enough to encourage savings.

Further media

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AIST is the peak industry body for the \$650 billion not-for-profit super sector which includes industry, corporate and public sector funds.