

Tax review is timely to ensure entire retirement system is fair and sustainable

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The Government's tax review is a timely opportunity to examine the targeting of superannuation tax concessions to ensure Australia's retirement income system is sustainable for the long-term, **The Australian Institute of Superannuation Trustees (AIST)** said today.

AIST CEO Tom Garcia said it was sensible that superannuation taxes had been left out of the Federal Budget to allow a comprehensive examination of superannuation within the broader context of the tax review.

"The last thing we need are ad-hoc or one-off budget changes to superannuation taxes but there is plenty of evidence showing that the super tax concessions are poorly targeted and growing acceptance across the industry and other stakeholders that some changes are needed. This is even more important given that the Budget changes to the pension asset tests will have a significant impact on part-pensioners," Mr Garcia said.

"The fairness and sustainability lens needs to be applied across the whole retirement income system. Findings from AIST research show Age Pension asset test changes alone would significantly widen the retirement equity gap. This highlights the urgency to assess total government assistance for retirement incomes received by all Australians, including the very well-off who currently get the lion's share."

Mr Garcia said AIST was confident that superannuation would remain a key part of the tax review and that both sides of government recognised the importance of ensuring superannuation was both fair and sustainable.

"The timing of the tax review is right. It is in everyone's interests that we get the settings right, define clear objectives for super and move to a point where we have a world-class retirement income system that ideally has bi-partisan politically support."

Mr Garcia said AIST's submission to the tax review would examine the full spectrum of taxes in the accumulation and post-retirement phases, with a view towards a less-complex tax regime.

"We will be assessing and testing a range of tax policies for their impact with regards to fairness, sustainability, gender bias, adequacy and how easily any changes can be implemented," he said.

Mr Garcia said AIST called on both sides of government to support the examination of super through the tax review and to commit to careful considerations of its findings.

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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.