

Fairness of superannuation tax concessions must be a priority of the Tax Review

3 June 2015

The fairness and sustainability of superannuation tax concessions should be top priority of the Tax Review, **the Australian Institute of Superannuation Trustees (AIST)** said today.

Releasing its submission to the *Re:Think Tax White paper*, AIST has recommended that super tax concessions be reviewed alongside the costs and benefits of the Age Pension.

AIST CEO Tom Garcia said that government financial support to retirement incomes was heavily weighted to high income earners and needed to be reviewed to improve fairness, sustainability and public confidence in our retirement incomes system.

“The cost of government support across our retirement income system – whether through superannuation or the Age Pension - impacts on all taxpayers,” Mr Garcia said. “The tax review is the ideal forum to level the playing field of government support for retirement incomes and ensure that the superannuation tax concessions are fairly distributed.”

Other recommendations in the first round AIST submission include:

- The development of transparent objectives for the superannuation system with agreed key performance indicators and a governance methodology for reviewing outcomes.
- A nationally accepted benchmark of what is an adequate retirement - stated in terms of income, rather than lump sums.
- Bundling of superannuation taxation changes rather than ad hoc measures to aide greater certainty and consumer confidence.
- A review of minor super tax measures to improve simplicity.
- No changes to the tax arrangements for bank accounts that would provide incentives for retirees to remove their money from the super system as this would impose longevity risk, credit and inflation risk, whilst also crystalizing reinvestment risk.
- No changes to the dividend imputation system.

AIST is currently analysing a range of policy options including lifetime caps, tax rebates, changes to the investment tax rate and the impact of a tax on retirement benefits. This analysis will be contained in subsequent submissions.

Further media enquiries: AIST Media Manager Janet de Silva

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