

Super must be used for retirement - not to pay off student debt

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The Australian Institute of Superannuation Trustees (AIST) today rejected calls suggesting superannuation could be used to pay down Higher Education Loan Program (HELP) debts.

Commenting on a proposal from Senator Chris Back to let students pay off study debt with super, **AIST Executive Manager, Policy and Research, David Haynes** said the purpose of superannuation was to provide retirement income.

“The long term benefit of superannuation is compound interest. Taking money out of super – particularly at a young age – will reduce this and impact on financial security in retirement,” said Mr Haynes. “Removing even small amounts of super will hit retirement income.”

Mr Haynes said that superannuation was not the solution to plugging Budget holes related to student debt.

“Even when the superannuation contribution rate eventually reaches 12%, most young Australians will need every cent of their superannuation to achieve adequate levels of income in retirement.”

“Using superannuation for any purpose other than retirement could see an increased reliance on other Government measures such as the Age Pension,” said Mr Haynes.

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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.