

Objective will protect super from ad-hoc policy changes and provide greater certainty: AIST

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The Australian Institute of Superannuation Trustees (AIST) today welcomed the Government's move to begin the process of enshrining the objective of the superannuation system in legislation.

AIST CEO Tom Garcia said the setting of a super system objective – as recommended by the Financial System Inquiry and long-called for by AIST – would provide a framework to protect the integrity and sustainability of the nation's retirement income system.

"Setting an objective for super will provide a much-needed framework to protect the super savings pot – now worth more than \$2 trillion – from endless ad hoc policy changes," Mr Garcia said.

Mr Garcia said it was vital that the objective recognise the role of the Age Pension in supplementing many people's retirement incomes.

"We need to recognise that super will deliver different outcomes for different people," Mr Garcia said. "Some people will be self-funded in retirement, some will draw their retirement income from a combination of super and the Age Pension, while others will qualify for the full Age Pension".

Mr Garcia said AIST would recommend that the objective also establish that super was for retirement purposes only and not a wealth creation tool for estate planning purposes.

"Setting an objective will be an important step to improve the fairness in the super system, particularly around the way super is taxed and what it is meant to be used for," said Mr Garcia.

Mr Garcia said agreement on super's objective would also help restore confidence and certainty in the compulsory super system.

"Just about every week brings a different proposal for super which must be causing great uncertainty for Australians saving for their retirement," he said. "Since the start of this year alone, we've had calls for super to pay off university debt, for super to save the agricultural industry, for super to pay off home loans and for low-income earners to opt out of compulsory super altogether. Without a clear objective, these calls will keep coming."

Mr Garcia said he hoped the Government would resist making ad-hoc changes to super in the upcoming Federal Budget, now that the process of setting an objective had begun.

"Any Budget changes to super would be putting the cart before the horse," Mr Garcia said. "A key purpose of the objective will be to road-test proposed policies to ensure they deliver on agreed outcomes."

Further media enquiries: AIST Executive Media Manager Janet de Silva: 0448 000 499

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