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Using super for housing will see young people worse off financially

Using super to help first-home buyers enter the housing market would drive prices higher and also lead to poorer retirement outcomes for young people, **The Australian Institute of Superannuation Trustees (AIST)** warned today.

Commenting on reports that the Government is considering a plan that could see first home buyers divert their super into a home savings account, **AIST CEO Eva Scheerlinck** said using super to buy a home was not the answer to Australia's housing affordability crisis and was contrary to the Government's own definition of the purpose of super.

"Tapping into super is completely counter to the Government's own objective for super," Ms Scheerlinck said. "The purpose of super is to enhance people's capacity to support themselves in retirement, not to throw money at the housing crisis and further drive up prices."

In a recently-released [AIST-commissioned report](#) on declining home ownership, the report's author, **independent economist Saul Eslake**, warned that tapping into super to buy a home would most likely see young people worse off financially.

The report – *No place like home* - noted that: "the average rate of return on superannuation savings is typically higher, over the long run, than the mortgage rate...a person who used some of all of his or her superannuation savings to finance part of the deposit would likely be worse off, financially, than someone who accumulated the required deposit over a longer period from non-super savings and thus entered home ownership at a later stage."

The report also noted that long-standing Federal and state government policies, such as cash grants to first home buyers, and stamp duty concessions for first home buyers, had simply allowed purchasers of housing to pay more for housing than they would have done otherwise."

"Australia's deteriorating housing affordability is a complex problem that requires a credible policy framework rather than short-term, flawed thinking, which could actually make the problem worse," Ms Scheerlinck said.

Ms Scheerlinck said the Government needed to consider a range of measures to improve housing outcomes, including measures to facilitate investment by superannuation funds into the social housing market.

"AIST is encouraged that the Government recognises the need for more social housing, however it also needs to recognise that such investments need to have appropriate levels of government support for them to be viable," said Ms Scheerlinck.

AIST also supported measures to help pensioners downsize the family home in retirement, such as eliminating stamp duty in this situation, Ms Scheerlinck said.

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AIST is the peak industry body for the \$700 billion profit-to-member super sector which includes industry, corporate and public sector funds.