

## Cautious welcome to housing affordability super measures in the Budget

**Tuesday 9 May, 2017**

The **Australian Institute of Superannuation Trustees (AIST)** has given a cautious welcome to Budget superannuation measures designed to help first home buyers and downsizers.

**AIST CEO Eva Scheerlinck** said the Budget proposal to allow super fund members to build a housing deposit inside their superannuation represented a massive shift in thinking around the objective of super and would require careful analysis as well as legislative change.

“Super is designed as a long term investment for retirement income purposes, so using it as a vehicle to save for a home deposit is sending a mixed message about the objective of super,” Ms Scheerlinck said. “The objective of super - as currently before Parliament - is to substitute or supplement the Age Pension in retirement.”

However, on the plus side, Ms Scheerlinck said the measure could assist first home buyers to save for their home through a well-managed concessional-tax investment vehicle and potentially help them further engage with their superannuation.

“Importantly, this measure is limited to voluntary super contributions of up to \$30,000 and does not allow people to access their existing compulsory super contributions for a housing deposit - something AIST has long-opposed,” Ms Scheerlinck said.

Commenting on other Budget measures to tackle housing affordability, Ms Scheerlinck welcomed the proposal to encourage older Australians to downsize and contribute up to \$300,000 from the sale proceeds of their home into superannuation as a non-concessional contribution.

“These downsizing measures – while unlikely to have a significant impact on housing affordability - will at least give greater flexibility to those older Australians wanting to move into a smaller home and also free up housing stock that may be better suited to larger families,” Ms Scheerlinck said. “AIST is particularly pleased that this measure is subject to the transfer balance cap of \$1.6 million, which is an important equity and sustainability measure in our super system,” she added.

### **On creating a single External Dispute Resolution body for all financial disputes:**

AIST noted that this will see an end to the existing Superannuation Complaints Tribunal (SCT) which has served super fund members well. While AIST supported a stand-alone super complaints tribunal, Ms Scheerlinck said it was critical that the new body – the Financial Complaints Authority – retain the protections currently present in the SCT powers.

### **On the extension of capital gains tax relief which was due to expire on 30 June this year:**

AIST welcomes this move as it will facilitate those funds that wish to merge. This is a sensible move to ensure members are not penalised in the transfer of assets in a merger.

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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.***