

Removal of \$450 monthly income threshold will simplify superannuation system: AIST

The Australian Institute of Superannuation Trustees (AIST) has welcomed the introduction of legislation from the Nick Xenophon team that today – if passed – will see the removal of the \$450 monthly income threshold for employer superannuation payments.

Under the current \$450 monthly income threshold policy, employers are not required to pay superannuation guarantee (SG) to employees over the age of 18 that earn less than \$450 per month.

AIST CEO Eva Scheerlinck said that threshold impedes on the ability of people working multiple jobs to save for their retirement.

“We have examples where someone is working for 3 or 4 employers but aren’t hitting the income requirements for superannuation from any one of them,” said Ms Scheerlinck. “If we want superannuation to be truly universal then the threshold must go, particularly with the increasing casualization of the workforce.”

Ms Scheerlinck said that the threshold is outdated and its removal will reduce complexities for both employers and employees.

“While we know that most employers do the right thing, there are cases where the rules get confusing and people are unsure if they are eligible or not for superannuation contributions from their employer,” said Ms Scheerlinck.

“By making superannuation a universal entitlement we are creating a simpler system for everyone – if you’re over 18 and work for an employer, you’re entitled to super – no exceptions.”

According to Australian Bureau of Statistics data more than 350,000 Australians are affected by the threshold.

“All Australians deserve the right to a decent retirement, so we fully support the removal of barriers that prevent them from saving enough,” said Ms Scheerlinck.

Ms Scheerlinck also welcomed proposed measures that would require employers to provide notice of when super contributions are made (or not made) as opposed to simply reporting entitlements accrued.

“Superannuation is deferred wages and must be treated as such on employee payslips,” said Ms Scheerlinck. “Clearer reporting will allow employees to check their super balance like they would their bank account, making it easier for them to notice errors or non-payment.”

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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.