

Change to super payment threshold would penalise low income/casual workers

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The **Australian Institute of Superannuation Trustees (AIST)** has urged the Government to reject calls from the Board of Taxation to change the superannuation payment threshold for low income and casual workers to \$1350 a quarter.

AIST CEO Tom Garcia said any move to raise the exemption threshold would unfairly penalise low income workers and those in precarious employment who already faced a myriad of challenges saving enough for retirement.

AIST has renewed its long-standing call for the complete removal of the \$450 monthly superannuation payment threshold, arguing all workers should be entitled to superannuation payments. The threshold means employees who do not earn over \$450 in any given month are ineligible for otherwise compulsory super contributions.

“If you work, you should get super,” Mr Garcia said. “Moves to deny more workers of super will simply widen Australia’s retirement savings gap”.

Mr Garcia said arguments that moving to a quarterly threshold would ease the red tape burden on small business failed to acknowledge the current e-commerce reforms in the super industry that would soon see super payable at the push of a button.

“Let’s not get lost in the red tape argument. The super industry has spent millions of dollars moving towards electronic super payments making payroll thresholds for super redundant”.

Mr Garcia said research had shown that removing the \$450 monthly threshold would be of minimal cost to the Government and would result in significant improvements for those individual workers who are most disadvantaged. This includes some workers who have more than one employer - common in industries such as retail, hospitality and nursing - because the \$450 monthly threshold applies only to a single employer, and not on a combined income level.

“The amount of money you earn, shouldn’t determine the right to super contributions,” Mr Garcia said.

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AIST is the peak industry body for the \$600 billion not-for-profit super sector which includes industry, corporate and public sector funds.