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### **New super measures put low income earners first: AIST**

New super reforms prioritize the need to boost the retirement savings of the lowest paid in our workforce, **The Australian Institute of Superannuation Trustees (AIST)** said today.

The new reforms – announced today as part of the Government’s mid-year economic and fiscal outlook – include changes to ensure that all low income earners automatically benefit from the Government’s low income super contribution, regardless of whether they fill out a tax return or other type of form.

**AIST CEO Fiona Reynolds** said this change was much-needed and very welcome: “The low income super contribution is a very important and long overdue equity measure in our compulsory super system that is targeted to those who need it most. This latest change is about ensuring that everyone who earns up to \$37,000 - that is, not just those who file tax returns - will effectively have their super balances boosted by up to \$500”.

The Government estimates this change will ensure an additional 100,000 individuals earning up to \$37,000 will benefit from the low income super contribution. Other changes announced today included a reduction in the matching rate and maximum payment of the voluntary super co-contribution scheme from 1 July 2012; a pause in the indexation of super concessional caps for one year in 2013-14, and an extension of draw-down relief for self-funded retirees.

Ms Reynolds said while it was disappointing that the impact of the super co-contribution scheme would be reduced, it needed to be acknowledged that the scheme would remain and would now be complemented by the low income super contribution which – unlike the co-contribution scheme- did not require any additional contribution on their behalf.

**“We understand that in this climate of fiscal restraint and global uncertainty that a scheme such as the low income super contribution - which is targeted to benefit over three times as many low-incomes earners as the co-contribution scheme- deserves to take top priority”.**

Ms Reynolds said AIST would continue to consult with the Government and other industry groups over the proposed changes to the higher concessional cap limits for those aged 50 and over but the Institute remained supportive of targeting the caps to individuals who needed it most.

“Delaying the indexation of the caps for one year, whilst disappointing, is understandable for a Government needing to balance its budget in uncertain times”.

Ms Reynolds also welcomed the extension of draw-down relief for self-funded retirees, saying this measure acknowledged that equity markets had continued to be volatile.

#### **Enquiries:**

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***AIST is the peak industry body for the \$450 billion not-for-profit super sector which includes industry, corporate and public sector funds covering the super interests of nearly two-thirds of the Australian workforce.***