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Superannuation changes will hurt all Australian workers – AIST

Proposed new changes to the Superannuation Guarantee would have a significant impact on the retirement outcome of Australian workers and lead to further uncertainty about superannuation, the **Australian Institute of Superannuation Trustees** said.

AIST CEO Tom Garcia said the Government's decision to further delay the SG rise to 12% represented a broken election promise not to bring in any negative changes to superannuation.

"Further delays to the SG timetable will hurt all working Australians and will have a significant effect on their retirement outcomes as well as the ability of the nation to address the fiscal challenges of an aging population," Mr Garcia said.

Mr Garcia said the changes came at a time when the Financial System Inquiry – as well as industry stakeholders – recognized the need to put a stop to ad hoc policy changes and develop certainty around clear objectives for superannuation.

"This decision undermines confidence in superannuation and brings into question this Government's commitment to an effective retirement incomes system," Mr Garcia said. "Despite assurances otherwise, our superannuation system continues to be subject of constant tinkering."

Mr Garcia said AIST was also very disappointed that the Low Income Superannuation Contribution (LISC) Scheme will only remain in place until 2017.

Mr Garcia said the LISC was a vital equity measure in the super system that had wide support from the superannuation industry as well as welfare groups. Without the Scheme, low income earners will pay more tax on their super than their take home pay, whereas other workers enjoy a tax break. The Scheme is worth up to \$500 a year in superannuation benefits to those who qualify.

"This is a very disappointing outcome for more than one third of the Australian workforce and they deserve better. If the scheme is deemed worthy to retain until 2017, then why can't it remain in place forever?" Mr Garcia said.

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AIST is the peak industry body for the \$650 billion not-for-profit super sector which includes industry, corporate and public sector funds.