

Thursday September 15

Super budget changes still improve fairness and sustainability of system

Modifications by the Government to the superannuation budget changes importantly maintain improvements to the fairness and sustainability of the superannuation system, the **Australian Institute of Superannuation Trustees (AIST)** said today.

AIST CEO Tom Garcia said few ordinary Australians would be adversely affected by these modifications and super changes were needed to ensure tax concessions are more fairly balanced.

The changes include the replacement of a \$500,000 lifetime non-concessional cap with a reduction of the non-concessional contributions cap from \$180,000 to \$100,000, reversal of Budget measure to remove the work test for those aged 65 to 74, and deferral by one year of the Budget measure to allow carry forward of unused concessional contributions cap. Additionally, individuals with a super balance over \$1.6 million will no longer be eligible to make after-tax contributions from 1 July 2017.

“While AIST is disappointed to see the reversal of rules affecting older workers aged 65 to 74, on balance these changes are in keeping with the need to improve the fairness and sustainability of the system,” said Mr Garcia. “Furthermore these changes are considerably easier for funds to implement and do not add to the complexity of the system,” said Mr Garcia.

Mr Garcia said most Australians would be unaffected by the lower after-tax contributions cap.

“Few ordinary wage earners make after-tax super contributions, let alone more than \$100,000,” he said.

Research from the AIST-Mercer Super Tracker estimates that the average non-concessional contribution is less than \$4,000 per year for those over 50 years of age.

AIST remains disappointed that the Government has not considered industry concerns about the reduction of the annual concessional cap for the over 50s from \$35,000 to \$25,000.

“Older workers who have not have the benefit of a lifetime of compulsory super should have the opportunity to make catch-up contributions if they are able to,” said Mr Garcia. “Older workers already have a \$35,000 cap so no change to existing policy would be required. This measure could be considered over a ten year transitional period before reverting to the same cap limit for all ages”

AIST urges Parliament to retain the \$35,000 concessional cap for older workers and then move forward quickly on the superannuation tax measures in order to provide stability and certainty to the community about superannuation.

Further media enquiries:

AIST Executive Manager, Media, Janet de Silva: 0448 000 499

AIST Media and Content officer, Sarah Goodwin: 0401 769 296

AIST is the peak industry body for the \$700 billion not-for-profit super sector which includes industry, corporate and public sector funds.

