

**Date Tuesday May 10<sup>th</sup>**

### **Budget delivers flexibility on super contributions but measures don't go far enough: AIST**

**The Australian Institute of Superannuation Trustees (AIST)** has welcomed measures announced in tonight's Federal Budget that provide flexibility to the rules surrounding breaches of the concessional contributions caps, and the increase of the higher cap for over-50s.

The Government will give individuals who have breached their concessional contributions cap by up to \$10,000 the option to have their excess contributions refunded and taxed at their marginal tax rate.

"This will create a fairer system for individuals who may have accidentally breached their cap but it doesn't go far enough," **AIST CEO Fiona Reynolds said.**

Ms Reynolds noted AIST had called for the 'bring forward' rule to be expanded to concessional caps and was concerned about the 'one-off' offering of the refund.

"We have some concerns that the measure is only available once, and doesn't allow for future errors. We encourage the Government to continue this on an ongoing basis," Ms Reynolds said.

The Government has also confirmed the concessional contributions cap for those aged 50 and over will be set at \$25,000 above the general concessional cap limit, which is currently \$25,000.

"This will direct super tax concessions to those nearing retirement, who need it to help build up their balances," Ms Reynolds said, "but we're disappointed that the \$500,000 total super balance isn't being indexed, particularly given we're moving towards 12% SG."

Ms Reynolds welcomed the Government's provision of funding for the delivery of the Stronger Super package. "This is a welcome first step towards providing the significant funding that the industry believes will be required to smoothly implement the Stronger Super reforms".

AIST also noted the Budget included a number of measures to increase infrastructure investment opportunities.

"Super funds have traditionally been heavily involved in infrastructure investment to maintain diverse asset allocations," Ms Reynolds said. "These measures will provide encouragement for super funds to continue to invest in the nation's infrastructure."

Ms Reynolds said the while the super measures were welcome they did little to boost retirement savings. "The main game is still the lifting of the 12% compulsory super rate and the industry now eagerly awaits legislation for this much-needed reform to address the nation's retirement savings gap" said Ms Reynolds.

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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.***

