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Low-income earners missing out on a really ‘super’ scheme: AIST

Super funds and the Government must do much more to promote the Government’s Co-contribution scheme which is one of the best ways for low income earners, particularly women, to boost their retirement savings, the **Australian Institute of Superannuation Trustees (AIST) said today.**

Commenting on the release of Government data today which points to a sharp drop off in the popularity of the Government’s voluntary Co-Contribution scheme, **AIST CEO Fiona Reynolds** said the scheme was one of the best ways for low-income earners – including part-time workers - to boost their superannuation balances.

However data from the Australian Prudential Regulation Authority (APRA) released today, shows a near 40 per cent drop in spouse contributions and uptake of the Government’s Co-Contribution scheme. In the June 2011 quarter, contributions in this category totalled \$164 million, as opposed to \$274 million in this June quarter of 2010.

“Given that the Co-contribution scheme – in particular - is one of the best deals around in superannuation, this is a great scheme that seems to be going to waste,” said Ms Reynolds. “There aren’t many investments where the government matches your contribution dollar for dollar”.

Under the scheme, if you’re eligible and you earn less than \$31,920, the Government matches voluntary contributions, dollar for dollar up to a maximum of \$1,000. Those earning between \$31,920 and \$61,920 are eligible for a reduced contribution.

According to AIST research, participation in the co-contribution – which could be worth an extra \$85,000 in retirement – has proven popular with older female workers, many of whom have low super balances.

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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.