

NEWS RELEASE

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Industry joins forces to defend superannuation

The Financial Services Council and the SMSF Owners' Alliance have today called for the Government and Coalition to guarantee no further tax changes will be made to superannuation.

The FSC represents wholesale and retail funds responsible for investing on behalf of 11 million Australians, and SMSFOA represents owners of Australia's 488,000 self managed super funds.

John Brogden, CEO of the Financial Services Council said: "Superannuation fund members have had enough. They are sick and tired of constant changes and want certainty."

"Now we have reached a point where we can no longer stand on the sidelines and allow further erosion of superannuation."

"Despite the commitment to increase superannuation contributions from 9 per cent to 12 per cent the Government has taken more from superannuation in revenue than it has put in."

"Over the four year Budget estimates period, the cost to revenue of increasing the superannuation guarantee from 9 to 12 per cent and the Low Income Superannuation Contribution Scheme amount to \$2.4 billion."

"However, the negative impact of combined tax and other changes is \$7.8 billion – that is a net reduction in concessions of \$5.4 billion."

Executive director of the SMSF Owners' Alliance, Duncan Fairweather said: "Every day Australians are making long term decisions about their future savings. They need to make these decisions in a stable policy environment without the fear that their investments will be reduced in value due to constant tax changes."

Mr Brogden also said: "New taxes on superannuation would be a breach of trust between the Government and working Australians. That is, you put your money away now to fund your retirement and in return get lower tax rates on contributions, earnings and payments in retirement."

"Every time a new tax is threatened, confidence in the system is lost."

"There have been 10 substantial tax changes to superannuation since 2008. The industry has strongly supported sensible reforms to the system, but we've had enough."

"Today we are giving the Government a deadline to rule out new taxes on super in the Budget by the time Parliament resumes on 12 March."

“We are also seeking an undertaking from the Coalition that they will maintain the Low Income Superannuation Contribution scheme,” he said.

Mr Fairweather added: “When governments run into budget problems they should not raid the retirement savings of Australians.”

Despite an extraordinary \$1.5 trillion in assets and 21 years of compulsion, the system is 50 years away from full maturity.

Currently, the average superannuation savings at retirement is only \$198,000 for men and \$112,000 for women.

“The superannuation system is still building towards maturity,” said Mr Brogden. “More tax and systems changes will undermine the foundations of our world leading regime.”

“Only Australian’s who start working from 2019, when the super contribution is at 12% and retire 40 or 50 years later, will get the full benefit of a lifetime of adequate contributions.”

Mr Brogden also said: “The Government and Coalition must commit to no further taxes on super to allow the system to mature and to achieve its objective for Australians to fund their retirement.”

“Every Australian who can self fund their retirement, is one less person who will rely on the age pension. This is good for taxpayers and good for government.”

“Now superannuation returns are coming back, it is critical consumer confidence is restored in superannuation. But endless talk of fiddling with the system destroys any hope that confidence will return.”

“Tax changes to super now may help plug the Budget hole will create a bigger hole which will fall on future taxpayers to fill.”

“Ultimately, this will mean more people will rely on the government for the age pension”, he said.

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About the Financial Services Council

The Financial Services Council represents Australia's retail and wholesale funds management businesses, superannuation funds, life insurers, financial advisory networks, trustee companies and Public Trustees. The Council has over 130 members who are responsible for investing more than \$1.9 trillion on behalf of 11 million Australians. The pool of funds under management is larger than Australia’s GDP and the capitalisation of the Australian Securities Exchange and is the fourth largest pool of managed funds in the world. The Financial Services Council promotes best practice for the financial services industry by setting mandatory Standards for its members and providing Guidance Notes to assist in operational efficiency.

About the SMSF Owners’ Alliance

SMSF Owners' Alliance Limited represents the owners of Australia's 488,000 Self Managed Super Funds who are responsible for the investment of about \$460 billion – the largest and fastest growing slice of the \$1.5 trillion superannuation system.