
MEDIA RELEASE

Tax Inquiry can help ensure super delivers for women

Date: Wednesday 29 July, 2015

The **Australian Institute of Superannuation Trustees (AIST)** and **Women in Super (WIS)** today supported a Senate review of the retirement savings gap for women and urged the Government to prioritise the tax reform of superannuation as a significant step towards improving retirement outcomes for women.

In their submissions to the current Tax Inquiry, both AIST and WIS have highlighted that the existing heavy weighting of tax concessions to high income earners was a key factor behind the gender gap in retirement outcomes. Improving tax equity in superannuation was recognised as a key opportunity to address the gender saving gap by the many stakeholders who attended the AIST-WIS inaugural Women's Super Summit last year.

While welcoming the Greens' call today for an inquiry into women's retirement outcomes, **AIST CEO Tom Garcia** said the current Tax Inquiry needed to consider fairer distribution of tax concessions in superannuation to improve the outlook for women.

"The first thing we need to do to address the super gender gap is to create a fairer super taxation system. The reality is, the system as it stands currently is stacked in favour of high income earning, well-off males," said Mr Garcia.

Women in Super Chair, Cate Wood said it was ironic that the only superannuation taxation change supported by the Government was to increase the tax paid by low income earners by withdrawing the Low Income Super Contribution (LISC).

AIST and WIS continue to campaign for the retention of the Low Income Superannuation Contribution (LISC) which means that all Australian workers who earn \$37,000 per annum or below receive a 'rebate' of the tax paid on their superannuation contributions.

Ms Wood said that 3.6 million working Australians – 2.1 million who are women - currently benefit from the scheme, which is set to be dropped in 2017.

"Women face many barriers to saving throughout their working lives, such as unequal pay, breaks from the workforce for caring responsibilities, over representation in lower-paid industries, and barriers to employment beyond age 45," said Ms Wood.

"Women have longer life expectancies and so need more savings to last longer. Greater equity in super taxation concessions and special measures are required to compensate for women's diminished saving opportunities due to their workforce experience."

Research from the AIST-Mercer Super Tracker rates the current gender gap at 6.26 (A score of 10 means there is no gender gap in respect of super benefits at retirement).

“We have come a long way – before compulsory super was introduced less than 25% of women had any super at all. However, despite more than 20 years of compulsory super, we’re still seeing women retiring with just over half the savings of men,” said Ms Wood. “There is no silver bullet; this is a complex and multi-layered problem which needs a collaborative, bipartisan effort to address it.”

In February 2014 AIST and WIS held the inaugural Women’s Superannuation Summit. The Summit brought together leading think-tank groups and gender commentators from both within and external to the superannuation industry.

Key findings from Summit included:

- Address structural inequities in the current superannuation system by re-directing generous tax benefits received by high income earners to those on lower incomes.
- Retain the Low Income Superannuation Contribution (LISC), which provides a superannuation tax rebate of up to \$500 a year for those earning \$37,000 or less.
- Increase super guarantee payments to 12% as quickly as possible.
- Remove the \$450 monthly income threshold for exemptions on compulsory superannuation contributions.
- Include an increase to the Age Pension when reviewing superannuation tax incentives, in recognition that this is the main source of income for most women in retirement.
- Consider a system of carer support/credit payments in retirement (as recommended by the Human Rights Commission) in recognition that most unpaid carers are female and that this impacts on their economic security in retirement.
- Prioritize ways to make it easier for women to consolidate their super accounts and avoid fee duplication.
- Encourage superannuation funds and employers to implement savings programs aimed at women.

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