

Thursday 3 May 2018

GOVERNMENT MUST FORGE AHEAD WITH URGENT SUPER RISE, NEW FIGURES REVEAL

The superannuation savings of a significant proportion of working women would be significantly impacted by the failure to increase the Superannuation Guarantee to 12 per cent.

Rice Warner modelling, commissioned by Women in Super, shows any attempt to completely abandon the Super Guarantee (SG) increase from 9.5 per cent to 12 per cent by 2025 would seriously undermine the retirement savings of low and middle income earners. The impact will be especially significant for low and middle income women who take time out of the workforce to raise a family.

The Rice Warner modelling reveals that a 25-year-old woman earning \$35,000 a year stands to lose 15 per cent from her retirement balance (over \$41,000 in today's dollars) if the Government abandons the currently legislated move to 12 per cent SG.

Taking time off to have two children and then working part time for nine years would reduce her retirement savings by a further \$35,000.

"Women are worried about their future and angry that the super system is currently delivering to them half of what it does to men" says Women in Super Chair, Cate Wood.

A 45-year-old woman would expect to see an 11 per cent or \$18,000 reduction in her retirement balance and for a 35-year-old couple the loss is \$46,000 or 15.5 per cent in today's dollars (based on industry averages for age, gender, income and super balance).

The modelling comes after the Grattan Institute released a report this week calling on the government to abandon any further increases to the SG, while failing to suggest alternative policies to close the gender super gap.

Ms Wood says the Grattan Institute's position risks bequeathing retirement poverty to future generations of women.

"The Government has already delayed the SG increase, leaving many women poorer for it. Australian women cannot afford further delays.

Currently, 40 per cent of older single retired women experience economic insecurity in retirement and this is the fastest growing cohort experiencing homelessness.

"We must change the current policy settings if we want to change these outcomes" said Ms Wood.

"Women in Super's Make Super Fair campaign highlights a raft of measures to ensure an adequate and equitable retirement for thousands of women," she said.

“Currently, more than half of working women do not receive any of the \$30 billion in tax concessions spent each year to help Australians to save for their retirement.

“These concessions could be better targeted. An additional annual government contribution into the super accounts of low income earners is something policy-makers could consider”.

Other measures include the removal of the \$450 monthly super pay threshold, paying super on parental leave, and better monitoring the impacts of policy change.

“The Grattan Institute’s advice should be swiftly dismissed, and the Government should proceed with increasing the Superannuation Guarantee as planned,” she said.

For more information about the Make Super Fair campaign, visit www.makesuperfair.com.au.

Women in Super is a national advocacy and networking group for women employed in the superannuation and wider financial services industries, and advocates on behalf of its members and women generally to improve women’s retirement prospects and access to superannuation.

CONTACT

Catherine Wood	Chair	0417 391 669
Sandra Buckley	Executive Officer	0419 533 002