

# Budget 2019 - Superannuation

## Superannuation Budget Overview

Measured against the superannuation priorities for women that we have identified, there are no significant changes in the 2019 budget.

## WHY IS THIS AN ISSUE FOR WOMEN?

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### Why is this an issue for women?

- Superannuation policy is gender blind, but by treating men and women the same it does not recognise that women's lived experience of economic security is different to men. Through a gender lens, the Superannuation Guarantee system is fundamentally flawed because it is based on earnings. As long as women experience lower earnings and interrupted work patterns, the superannuation system will result in poorer outcomes for them.
- The average superannuation balance for women aged 60 to 64 is \$157,050 which is 58% of the average balance of \$270,710 held by men of the same age.
- Women are more likely than men to report having no superannuation: 33% compared to 27% of men. 45% of women aged between 65 and 69 have no superannuation, either because they have never had a superannuation account or because it has been fully drawn.
- Men hold 61.2% of the total pool of superannuation, with women holding 38.8%.
- The superannuation gap emerges early in a woman's working life, with a superannuation gap of 20% between men and women aged 25 to 29; and continues to increase over a woman's lifetime.
- The superannuation gap is connected to the gender pay gap, career interruptions, and the casualisation of work.
- Women are more likely than men to be reliant on the Age Pension, and women live longer than men.

## BUDGET MEASURES

The following table sets out the priorities identified by NFAW and the relevant 2019 budget commitments.

NFAW priorities	In 2019 budget?	Comment (if any)
As long as women experience lower earnings and interrupted work patterns, the superannuation system will result in poorer outcomes for them.	No	No design changes.
NFAW supports the retention of a strong age pension to ensure that women have a secure retirement, regardless of the amount of superannuation that has been accumulated to supplement the pension.	Partial	No changes proposed to the Age Pension.
NFAW recommends that the provision of retirement income streams to supplement the age pension be the primary objective of the superannuation system, and without reference to substituting the age pension.  Tax concessions should be limited to the amount required to support a reasonable standard of living in retirement and excessive contributions should be discouraged.	Partial	<p>The <i>Superannuation (Objective) Bill</i> 2016 has not been passed. There is no change to the contribution caps.</p> <p>The work test will be relaxed for people aged 65 and 66 allowing them to continue to make voluntary contributions to superannuation. This will allow annual concessional (pretax) contributions of up to \$25,000 and non-concessional (post tax) contributions of up to \$100,000 pa, which can be rolled forward to \$300,000 every three years.</p> <p>A person will be able to make contributions for their spouse until the spouse turns 75.</p> <p>These changes are consistent with the ages that apply to the age pension and other forms of contributions. They will allow people aged up to 67 to continue to increase their superannuation balances, however the overall transfer balance cap of \$1.6m remains in place.</p>
NFAW is not convinced that requiring independent directors on the Boards of superannuation funds will improve accountability and returns to member, instead preferring to see stronger educational and conflict of interest requirements. We believe that this is supported by the evidence recently heard by The <i>Royal Commission</i> into Misconduct in the Banking,	No	The Government has not withdrawn the <i>Superannuation Laws Amendment (Strengthening Trustee Arrangements) Bill</i> 2017 currently before the Senate.

<b>Superannuation and Financial Services Industry.</b>		
<b>We agree with proposals that will reduce the fees on superannuation accounts.</b>	Yes	Measures to limit the fees payable on accounts with balances under \$6,000 were passed in March 2019.
<b>We recommend that proposals regarding opt-out insurance within superannuation be designed in a way that ensures that opt-out decisions are reviewed periodically in line with changes in a person's circumstances.</b>	Partial	Measures to limit the insurance deductions from inactive accounts were passed in March 2019. Other proposals regarding opt-in insurance within superannuation were not passed in that bill will be deferred until October 2019.
<b>NFAW believes that the primary principle to be applied in determining policies around early release of superannuation is the preservation principle. This cannot be achieved without appropriate levels of funding being allocated to the provision of public services to support individuals in medical or financial distress.</b>	Partial	Escaping family and domestic violence will be added to the grounds for early release of superannuation. At the time of application, applicants will be advised of other forms of funding available. This proposal was announced in the Women's Economic Security Statement in November 2018.
<b>Other budget measures</b>		
<b>Measure</b>	<b>Comment</b>	
Reducing red tape for superannuation funds	The reporting requirements in relation to funds paying pensions to members will be simplified. This recognises practical difficulties that trustees of superannuation funds have identified in complying with the reporting requirements.	