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TSA members note importance of superannuation guarantee to build savings

Tax & Super Australia (TSA) welcomes analysis of Australia's retirement system to help ensure the system remains fit-for-purpose and supports Australians amid future economic, workforce and social changes.

This past week, the Morrison Government released the final report from the independent *Retirement Income Review*. The review was recommended by the Productivity Commission and comes 27 years after compulsory superannuation was established.

Broadly, the review found that the Australian retirement income system was effective, and its costs are generally sustainable.

The report also made observations about specific aspects of the system, including around the Superannuation Guarantee (SG). It found that more efficient use of savings in retirement could have a bigger impact on improving retirement income than increasing the SG, and that increasing the SG rate could result in lower wages.

In September ahead of the Federal Budget, TSA surveyed members and asked if they supported the SG rate increasing to 12% by 2025, as is legislated.

The majority of members agreed with the SG being increased from the existing 9.5% rate — one third agreed with it being raised to 12%, while a further 50% said it should be raised to 10% and remain at that rate. Just 13% said the SG should be lowered.

TSA tax counsel John Jeffreys says that this response suggests that members see value in compulsory superannuation. "Our members are the superannuation experts who help clients prepare for retirement. They are also tax agents and accountants, who get a really deep look inside individual and business's finances and understand how they accumulate their savings."

Mr Jeffreys added that, as with tax laws, it's vital that any proposals resulting from reviews are not unduly complex because Australians need to clearly understand any benefits and risks to their savings. "Our members do a wonderful job educating their clients on complex tax and super matters. But we welcome any efforts to ensure vital information about retirement savings is better understood by the broader general public."

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Tax & Super Australia (TSA) is a not-for-profit organisation that educates and empowers more than 3,500 members who are tax and superannuation practitioners and a broader community of 15,000 across Australia.