**Election 2019 - Superannuation**

# Why is this an issue for women?

[**Why is this an issue for women**](https://www.superannuation.asn.au/ArticleDocuments/359/1710_Superannuation_account_balances_by_age_and_gender.pdf.aspx?Embed=Y)**?**

* 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 to men to be reliant on the Age Pension, and women live longer than men.

**Election commitments**

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| Full implementation | Partial implementation | No or negative response |

The table below sets out how fully parties’ current election commitments address NFAW recommendations:

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| **NFAW RECOMMENDATION** |
| As long as women experience lower earnings and interrupted work patterns, the superannuation system will result in poorer outcomes for them.We advocate removing the $450pm earnings threshold for eligibility to superannuation guarantee payments, and payment of superannuation guarantee on paid parental leave. |
| **PARTY COMMITMENTS** |
| **ALP** | **LNP** | **GREENS** |
| Remove the current $450 pm threshold for superannuation to be paidSuperannuation will be paid on paid parental leaveMake it easier for employers to pay higher rates of superannuation guarantee to womenRemove catch-up contributions | The Government introduced the Low Income Superannuation Tax Offset from 1/7/17 after repealing the Low Income Superannuation Contribution in 2014, with effect from 1/7/2017. The net outcome is neutral.Reforms to the reporting of superannuation in family law proceedingsIncreased the spouse earnings cap for the Low Income Spouse Tax Offset to facilitate spouse contributions into superannuation. The age for this measure will be extended to 75Introduced catch-up contributions to allow workers who have not contributed $25,000pa into superannuation to make higher contributions in the following 5 years. Although targeted at women, this is more likely to be utilised by men.No action on removing the $450 thresholdNo action on superannuation guarantee on paid parental leave | Remove the current $450 pm threshold for superannuation to be paidSuperannuation will be paid on paid parental leaveRefer the question of payment of superannuation for carers to the Productivity CommissionLegislate to ensure that companies that choose to make higher superannuation guarantee payments for women are not in breach of the Sex Discrimination Act 1984 |
| **NFAW RECOMMENDATION** |
| 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. |
| **PARTY COMMITMENTS** |
| **ALP** | **LNP** | **GREENS** |
| Will review the interaction between superannuation and the pension | No changes. | No changes |

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| **NFAW RECOMMENDATION** |
| 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. |
| **PARTY COMMITMENTS** |
| **ALP** | **LNP** | **GREENS** |
| (announced April 2018)Supports legislating an objective of superannuation.Superannuation Guarantee will be increased from 9.5% to 12%Non-concessional contributions cap will be reduced from $100,000 pa to $75,000pa. The threshold for the higher rate of tax on superannuation (Div 293) will be reduced from $250,000 assessable income to $200,000Low income superannuation tax offset to be maintained, and additional policies to assist low income earners will be developedRemove tax deductibility of personal contributions who also receive superannuation guarantee support | The *Superannuation (Objective) Bill* 2016 has not been passed. There is no change to the contribution caps.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. 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. | Apply a progressive tax rate to superannuation Increase the Low Income Superannuation Tax Offset |
| **NFAW RECOMMENDATION** |
| 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 *Royal Commission* into Misconduct in the Banking, Superannuation and *Financial Services* Industry. |
| **PARTY COMMITMENTS** |
| **ALP** | **LNP** | **GREENS** |
| Opposed the Bill to introduce a mandatory 1/3 independent directors on superannuation funds. | Introduced a Bill in 2017 to mandate 1/3 independent directors on all superannuation funds. This Bill has not passed the Senate but has not been withdrawn. | Opposed the Bill to introduce a mandatory 1/3 independent directors on superannuation funds. |
| **NFAW RECOMMENDATION** |
| 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. |
| **PARTY COMMITMENTS** |
| **ALP** | **LNP** | **GREENS** |
| Supported deferral of the proposed measures until further review | 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. | Do not support opt-out measures for superannuation.Proposed removing these provisions from the proposed legislation |
| **NFAW RECOMMENDATION** |
| 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. |
| **PARTY COMMITMENTS** |
| **ALP** | **LNP** | **GREENS** |
| $60m committed to flexible support packages to assist people escaping family violence | 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 Novcember 2018. | Propose increased funding for necessary services |

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| OTHER ELECTION COMMITMENTS |
| Commitment | **Party** | **Comments** |
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Authorised by Kate Gunn, Sydney.