

## MEDIA RELEASE

3 May 2016

### **BUDGET 2016: superannuation reform package welcomed**

Australia's leading seniors advocacy organisation, COTA Australia, welcomed the package of initiatives in the Federal budget which better target superannuation tax concessions, lift age restrictions on contributions, provide opportunities for women and people on low incomes to better save for retirement, and make the system more flexible and responsive to retirement needs.

COTA Australia Chief Executive Ian Yates said the superannuation changes were the most significant structural reforms since superannuation was first introduced.

"COTA is pleased to see the government move in a direction that ensures superannuation is used for the purpose it was originally intended – as a way for people to save for their retirement rather than a wealth accumulation scheme for Australia's highest earners," Mr Yates said.

"The changes, many of which COTA has called for over the last few years, will make superannuation much more sustainable and fit for purpose for the long term."

Mr Yates said he particularly welcomed measures that better targeted superannuation tax concessions:

- introducing a \$1.6 million cap on the total amount of superannuation that can be transferred into retirement accounts;
- reducing the income threshold from \$300,000 to \$250,000 for the 30% tax rate; and
- introducing a \$500,000 lifetime cap on non-concessional contributions.

"COTA is also extremely pleased to see the lifting of the restrictions on the age people can make superannuation contributions over 65 years to a new limit of 75 years", Mr Yates said.

"This acknowledges that increasing numbers of people are choosing to work well into their 70s and sends a positive signal about mature age employment.

"It's also good to see the efforts made to recognise that many women retire with low superannuation because their careers are often broken by caring for children and ageing parents.

"The opportunity to make 'catch-up' contributions and for spouse tax offsets are a step in the right direction. More will still need to be done to ensure women have equitable retirement incomes, but it can't all be done by the super system itself.

"The decision to enhance the choice of retirement income products to support provision of deferred lifetime annuities and other annuitisation products is welcome and we look forward to being consulted on further detail.

"Overall this is a significant and integrated set of reforms that better utilises taxpayer funded concessions for genuine retirement income support," Mr Yates said.

**Media contact: Ian Yates 0418 835 439, Olivia Greentree 0439 411 77**