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MEDIA RELEASE: FSC welcomes Labor bid to improve superannuation outcomes for women

The Financial Services Council (FSC) welcomes today's announcement that a Labor government would pay the superannuation guarantee (SG) for workers on parental leave and remove the \$450 per month minimum earnings threshold for superannuation guarantee payments.

The FSC strongly supports policies to boost the retirement savings of all Australians, particularly women, who retire with significantly less super than men.

For primary carers, the lack of superannuation contributions during parental leave is a contributor to lower retirement outcomes. This has a disproportionate impact on female employees who are more likely to take work breaks to care for children.

FSC Director of Policy & Global Markets Allan Hansell said employers and superannuation funds should be encouraged by Labor's announcement to go even further to innovate their superannuation offerings to help close the gender gap.

"The FSC has for many years paid super contributions for our own staff while on parental leave, as do some of our members. Another recent innovation has been for some super funds to introduce fee freezes for new parents. All employers and funds should think about what more they can do to boost retirement savings.

"Labor's plan should be commended for helping all Australians, especially women, achieve a comfortable retirement."

Removing the \$450 minimum earnings threshold for superannuation guarantee payments will also make a significant difference to the retirement savings of many Australians, particularly those at the start of their careers or working in the gig economy.

The \$450 threshold is little changed since the introduction of compulsory superannuation and doesn't reflect the changing nature of work for many. An individual earning \$450 a week would see about \$11 a week added to their superannuation savings. Assuming an annual investment growth of 6.5 per cent, this could provide additional retirement savings of up to \$110,000 after 40 years of work.¹

¹ This projection is indicative only and does not include the full range of assumptions that would impact a member's end retirement balance.

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About the Financial Services Council

The Financial Services Council (FSC) is a leading peak body which sets mandatory Standards and develops policy for more than 100 member companies in Australia's largest industry sector, financial services. Our Full Members represent Australia's retail and wholesale funds management businesses, superannuation funds, life insurers, financial advisory networks and licensed trustee companies. Our Supporting Members represent the professional services firms such as ICT, consulting, accounting, legal, recruitment, actuarial and research houses. The financial services industry is responsible for investing almost \$3 trillion on behalf of more than 14.8 million Australians. The pool of funds under management is larger than Australia's GDP and the capitalisation of the Australian Securities Exchange, and is the fourth largest pool of managed funds in the world.