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MEDIA RELEASE: Retirees to be hit by proposed abolition of refundable imputation credits

The Financial Services Council (FSC) has serious concerns about a proposal announced today by the Australian Labor Party to abolish refundable imputation credits.

Constant tinkering with the rules governing people's superannuation erodes confidence and undermines the trust Australians have in the system.

These credits, by their very nature, benefit people on low incomes – including retirees. The change proposed by the Opposition will act as a tax increase for many retirees with shareholdings, penalising retirees who have done the right thing by saving for their retirement and investing in Australian companies.

Unintended consequences of the proposal could include retirees moving out of shares and into property and bonds. This may add to house price pressures or lower returns in the longer term.

FSC CEO Sally Loane said: "The purpose of superannuation is to fund a comfortable retirement for Australians while reducing their reliance on the age pension. Super policy is working, it has been gradually reducing national taxpayer expenditure on the age pension, but this mooted change could put the brakes on that.

"Constantly changing the rules and hitting retirees hardest will only undermine the purpose of superannuation, leaving more people reliant on a taxpayer funded retirement. If policy makers keep moving the goal posts Australians will disengage with the super system and stop contributing more to their superannuation."

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For further information please contact FSC Media Manager Mark Smith on 0434 566 764 or msmith@fsc.org.au.

About the Financial Services Council

The Financial Services Council (FSC) has over 100 members representing Australia's retail and wholesale funds management businesses, superannuation funds, life insurers, financial advisory networks and licensed trustee companies. The 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. The FSC promotes best practice for the financial services industry by setting mandatory Standards for its members and providing Guidance Notes to assist in operational efficiency.