

DOING WHAT'S RIGHT FOR AUSTRALIA

The Howard
Government



ENCOURAGING RETIREMENT SAVINGS

The Howard Government sees superannuation and boosting retirement incomes to be especially important to Australia's future, given the challenge of an ageing population.

Furthermore, the Howard Government is strongly supportive of those who seek to be self reliant in retirement and who want greater choice over their nest egg.

Unlike Labor (who are beholden to unions, who seek to monopolise industry funds), the Howard Government has given employees the right to choose the fund into which employers pay their contributions. This is only fair, given that, for many Australians, superannuation is their second largest financial investment after buying a home. Greater choice has also injected greater competition, putting downward pressure on fees.

The Howard Government is implementing the biggest reforms to superannuation in Australia's history. The major benefit of these reforms is to remove all tax on benefits for people aged 60+ who have paid tax on their contributions and earnings (i.e. most Australians). This has encouraged the value of superannuation assets to grow by 25.1% in the 12 months to June 2007, with total superannuation assets now around \$1.2 trillion.

In 2003, the Howard Government introduced the superannuation co-contribution, to assist lower income workers save for retirement. For workers earning less than \$28,980, the Government now contributes \$1.50 for every \$1 of personal

contributions (up to a limit of \$1,500). For workers earning between \$28,980 and \$58,980, this co-contribution is reduced at a rate of 5c for every dollar of earnings over \$28,980. In the first three years of this scheme, more than 3 million co-contribution payments worth more than \$3 billion have been paid to superannuation funds of lower income Australians.

Other Howard Government initiatives to encourage superannuation include:

- Capital Gains Tax relief, where a small business sale is used for retirement savings.
- A tax rebate for super contributions made on behalf of low-income spouses.
- Allowing people 55+ to access super as an income stream while in the workforce.
- Abolishing the super surcharge, to encourage higher earners to invest in super.
- Allowing super benefits to be split between married couples who separate.
- Introducing a new market linked income stream (also known as Term Allocated Pension) to provide more choice in financing retirement.
- Requiring quarterly rather than annual superannuation guarantee contributions.
- Introducing a new trustee licensing regime to better safeguard members' benefits.

The Howard Government will build on its proud record in encouraging superannuation.



For more information about our achievements and plans for the future

