



Federal Government's response announced 2 May 2010 to the Henry Tax Review as concerns superannuation

In response to the Henry Tax Review, the Federal Government announced the following proposals in relation to superannuation. **Note:** these are only proposals at this stage since legislation has not been passed to implement the proposals.

Proposed reforms in super include:

1. Compulsory superannuation contributions will rise from 9% to 12% over time:

Year	Rate (%)
2013–2014	9.25
2014–2015	9.50
2015–2016	10.00
2016–2017	10.50
2017–2018	11.00
2018–2019	11.50
2019–2020	12.00

2. No change at present to superannuation earnings tax or contributions tax.
3. Government contribution of up to \$500 for workers with incomes up to \$37,000, which will effectively match the 15% contributions tax on compulsory superannuation contributions from July 2012. This \$500 contribution is separate to the existing super co-contribution.
4. Workers aged 70-74 will be eligible to have compulsory superannuation contributions from 1 July 2013 made on their behalf (Government expects around 33,000 employees nationally will benefit from these changes).
5. Government will revise the contributions caps for those aged over 50: from 2012 those over 50, with balances under \$500,000 will be able to make \$50,000 concessional contributions (note: until 2012, all members over 50 can contribute up to \$50,000 regardless of balance).
6. The government has announced that it does not intend to remove superannuation tax free benefits for those over age 60.





7. Government expects \$85 billion to be added to Australia's superannuation savings pool over next 10 years.
8. Government expects the scheme to boost superannuation savings of 3.5 million low paid workers by \$830 million. An example cited includes:
 - A 30 year old on average income will retire with an additional \$108,000
 - A 30 year old woman "interrupted work pattern" will have \$78,000 more in super.
9. Personal tax changes may include two personal income tax rates – on agenda for future:
 - 35%
 - 45%
 - Tax free threshold of \$25,000
10. A recommendation that the government should consider offering annuity products to people has been rejected.
11. The government said that it had no intention of aligning the aged pension age with the age at which individuals can access their superannuation.

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