

**Treasurer**

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**Minister for Financial Services,  
Superannuation and Corporate Law  
and Minister for Human Services**



## **STRONGER, FAIRER, SIMPLER SUPERANNUATION BANKING THE BENEFITS OF THE BOOM**

The Rudd Government will deliver an historic boost to retirement savings to help prepare for an ageing population and ensure the Australian people get a fairer share of our mineral wealth.

Today's announcements are the biggest reforms to superannuation since the introduction of compulsory superannuation in 1992 as part of our Stronger, Fairer Simpler: Tax Plan for our Future.

The Government's reforms will deliver substantial improvements in retirement savings and a fairer distribution of superannuation tax concessions, ensuring more Australians can enjoy a comfortable retirement.

The Stronger, Fairer, Simpler: Tax Plan for our Future superannuation reforms are:

- A 12 per cent Superannuation Guarantee (SG) – commencing with a 0.25 increase in 2013-14 and 2014-15, followed by 0.5 increments until the SG reaches 12 per cent by 2019-20. The three year lead time recognises that employers and employees need to factor this into future wage negotiations.
- A low income earners Government contribution – from 1 July 2012. The Government will provide a contribution of up to \$500 annually into the superannuation account of workers on adjusted taxable incomes of up to \$37,000. This will provide a reward for savings for low income earners by ensuring no tax is paid on SG contributions. The Government will also retain the co-contribution scheme.
- Concessional superannuation contribution caps for those nearing retirement – from 1 July 2012. Workers aged 50 and over with superannuation balances below \$500,000 will be able to make up to \$50,000 in annual, concessional superannuation contributions. This measure is expected to benefit 275,000 people.
- Raising the Superannuation Guarantee age limit from 70 to 75 – from 1 July 2013. The SG age limit will be raised to 75, which for the first time means workers aged 70 to 74 to be eligible to have SG contributions made on their behalf. Around 33,000 employees are expected to benefit from this measure.

These superannuation measures will cost around \$2.4 billion over the next four years.

As a result of these reforms 8.4 million Australians will receive an increase in their retirement incomes, including 3.5 million Australians on lower incomes who do not receive tax incentives for saving through superannuation and older workers catching-up on their retirement savings.

- An employee aged 30 today on average weekly earnings, will retire with an additional \$108,000 in superannuation.
- A female aged 30 today on average weekly earnings, with an interrupted work pattern, will retire with an additional \$78,000 in superannuation.
- The superannuation savings of 3.5 million Australian on lower incomes will be boosted by \$830 million over the forward estimates.

Over the next 10 years, \$85 billion will be added to Australia's pool of superannuation savings. A proportion of these savings will be channelled back into the Australian economy to fund jobs and nation-building infrastructure, ensuring our reliance on foreign funds is lower than it otherwise would be.

The measures the Government has outlined help address the challenges of an ageing population set out in the Intergenerational Report 2010 and also complement the Secure and Sustainable Pension changes made in the 2009-10 Budget.

The Government is determined to boost Australians' retirement savings so that whenever the mining boom ends, Australians have got something real and enduring to show for it. Our natural resources are finite, so we need to take action now to ensure we save some of the proceeds.

The Government will consult with industry on the implementation of these measures.

More information on the Stronger, Fairer, Simpler: A tax plan for our future is available at [www.futuretax.gov.au](http://www.futuretax.gov.au).

## **CANBERRA**

**2 MAY 2010**

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