

Minister Half Right on Super

The Federal Minister for Superannuation is only half right in his controversial musing about removing contributions tax for women – it should be removed for all Australians regardless of gender, says Adelaide based financial strategist Theo Marinis.

“Senator Sherry commented while in Adelaide recently that one approach to correcting the imbalance between women and men in their superannuation accounts would be to remove the contribution tax on women’s accounts. This idea is half right in that it recognises that the 15 per cent contributions tax charged against super is a handbrake on growth. However, suggesting retirement policy should favour one gender over another is just naïve.” Theo said.

“How unfair would it be if, for example, Gail Kelly, head of Westpac and earning millions, got a tax exempt free kick on her retirement savings while a hard working father of three who earns \$60,000 pa gets a penalty? It is clearly just policy on the run.”

“In fact, it was the former Finance Minister, Senator Minchin, who first mooted ditching the contribution tax for everyone, preferring that Australians be given as big a helping hand to save for their future as possible.”

“Curiously, it was the father of wide-spread superannuation, Paul Keating, who first brought in contribution tax into the retirement savings mix about twenty years ago. Super was tax exempt prior to that.

“I firmly believe it is time to go ‘back to the future’ and the way forward for Australia is to remove all disincentives to save for retirement. We already have a system which is the envy of the world and what we must do now is to knock some of the anomalies out of it so all Australians (regardless of their sex or financial position) have financial independence when they are older.”

“Better policy would be for any full time carer who chooses to start a family, look after an ill or disabled working-age partner or aged parent, be given a baby-bonus-like contribution to their super for each year they are raising children to the age of 16 or caring for an adult, allowing their retirement to be as comfortable as someone who has not been involved in raising the next generation of Australians or keeping the infirm out of government-run hospitals.”

“Of course, removing contributions tax and introducing a super payment for carers would cost the public purse considerably. However, this could be effectively done by increasing the GST rate – essentially taxing consumption, rather than saving.”

“This would involve an agreement to share the increased GST between the state and federal governments but is 21st Century taxation policy.”

“Superannuation remains a very complex area of government policy and has become increasingly difficult for people to understand, which is why I wrote the book ‘Sexy Super?’

Sexy Super? is available as an e-book and is downloadable from the website sexysuper.com.au for a charge of \$19.95. All proceeds from the sale of the e-book are being donated to either Make-a-Wish Foundation, Neonatal Intensive Care Unit at the Adelaide Women’s and Children’s Hospital or the Childhood Cancer Association. These foundations and charities are supported by Marinis Financial Group.

Further, I believe that all Australians should be taught in school about the financial system we operate so that we can become a savvier nation which understands home loans, credit cards, superannuation and our tax system. Once all the population is well informed, we will have a very fair and equitable society, which would be the model all other nations would aspire to!" Theo said.

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