

# MAKING MONEY



Hot tips for warm solutions – PAGE 32

## Prepare for more super changes

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**MORE** changes to superannuation laws are on the way as part of the Federal Government's sweeping review of the tax system.

Treasurer Wayne Swan and Superannuation Minister Nick Sherry have both flagged this month that super will be a key focus of the Henry Tax Review.

However, with the review not due to report back until the end of calendar 2009, the Opposition says there is now a "cloud of uncertainty" hanging over superannuation.

Mr Swan told a finance conference that the Government would examine super and the pension system "in the same framework".

"We still have unfinished work in terms of our pension system and if we are going to recast that then it is going to have to fit in with superannuation, it's got to work together," he said.

Senator Sherry, responding on radio to criticisms of Government inaction over super by former Prime Minister Paul Keating, said he agreed that "we do need to add to the superannuation system in terms of adequacy", but he would not pre-empt the outcome of the tax review.

Mr Keating wants compulsory super contributions lifted from 9 per cent to 15 per cent, an idea he proposed in the 1990s that was abandoned by the Howard Government.

"Even with 15 per cent contributions which Paul Keating advocates, the majority of Australians who are currently retired have very little or no superannuation," Senator Sherry said.

"That's why the issue of the Age Pension is just as important as superannuation contributions," he said. Senator Sherry said he had a long list of ways to improve super contribution levels and these would be put into the review.

One idea, floated at a luncheon in Adelaide last month, was to axe the 15 per cent tax on super contributions for women but not for men.

Marinis Financial Group financial strategist Theo Marinis said suggesting retirement policy should favour one gender over another was naive, pointing out: "How unfair would it be if, for example, Gail Kelly, who is head of Westpac and earning millions, got a 15 per cent free kick on her retirement savings while a hard-working dad of three from Elizabeth gets a penalty?"

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## Super changes on way

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Mr Marinis said it would be "political suicide" to remove some of last year's changes to super – such as tax-free withdrawals for over-60s.

He said the 15 per cent contributions tax should be scrapped for everybody, and could be offset by an increase in the GST – although the Rudd Government has ruled this out.

"Don't take money from super – take it from spending. Encourage savings and discourage spending."

Ord Minnett client adviser Tony Catt said the superannuation system was already "a pretty good system".

"They may tinker with it but I don't expect any wholesale changes," he said.

"I would be very disappointed if they tried to restructure super for the worse. People, through the recent changes, are certainly much more comfortable with superannu-

ation as a retirement vehicle." Mr Catt expects an increase in the 9 per cent compulsory contribution level.

"I have said for a number of years it will increase to a level of perhaps 12, 13 or 14 per cent, but it will be done in stages," he said.

Opposition superannuation spokesman Michael Keenan said certainty for superannuation taxes must be provided now.

"What we are interested in doing is looking at ways of expanding the existing super co-contribution, which was established by the Coalition," he said.

Mr Marinis said the \$1500 co-contribution could become an automatic payment for low-income earners, rather than requiring them to make a personal contribution first.

"If you are earning under \$28,000 a year you can't afford to put \$1000 into super," he said.

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