

HESTA calls for action to tackle gender gap in super savings

HESTA CEO Debby Blakey has welcomed the recommendations of a ground breaking Senate report into women's financial security in retirement, saying now is the time to act to close the gender gap in super savings.

Ms Blakey said it was encouraging that the multi-party Senate Inquiry had focussed on reforms designed to improve the overall fairness of the super system.

"We welcome the report's recommendations that focus on system-wide reform of super and tackling unequal pay," Ms Blakey said.

"This is the most effective way to tackle long-standing equity issues in Australian society that result in women being far more vulnerable to poverty later in life. What we don't want to see is another report like this sitting on a shelf gathering dust as this will simply expose future generations of women to the risk of an insecure retirement."

Ms Blakey said next week's Federal Budget provided a chance to redirect generous super tax concessions benefitting a small number of wealthy Australians towards ensuring women and low income earners enjoy the same benefits from super as other Australians.

Ms Blakey noted that the Senate Inquiry's report agreed with the overwhelming number of submissions calling for the retention of the Low Income Super Contribution (LISC), saying this was fundamental to ensuring a fairer super system.

Last financial year, more than 230,000 HESTA members received the LISC, ensuring that those earning up to \$37,000 p.a. paid no tax on superannuation guarantee (SG) payments made by their employer.

"It has been estimated that if the Government continues with its plan to abolish the LISC in 2017, about 3.6 million Australians — including more than 2.1 million women — will pay the same, or in some cases, a higher tax rate on their super contributions than they pay on their wages," Ms Blakey said.

"Every other Australian earning more than \$37,000 p.a. will continue to enjoy super tax benefits, with the greatest benefits flowing to high income earners."

Ms Blakey said it was also encouraging that the report recommended the removal of the \$450 monthly super threshold for employer SG contributions.

"Women, particularly those working in health and community services, can often work in more than one part-time role. Their salary from each employer can fall under the \$450 per month super threshold, resulting in these women being totally excluded from super," Ms Blakey said.

Ms Blakey said the report acknowledged the importance of the 'three pillar' system, consisting of the age pension, superannuation and voluntary savings.

For many HESTA members, their super will supplement a retirement income that is underpinned by the age pension.

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