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Submission on the purpose of superannuation

The key purpose of superannuation in my view is that in the short to medium term it should result in a reduction in reliance on the old age pension by retired persons, and in the longer term it should enable a comfortable retirement for most retired persons.

The superannuation system is currently not achieving either purpose for almost all retired persons in Australia. As a result I do not believe that the current concessional and non-concessional caps for contributions should be reduced. This is particularly the case in the case of those who are near retirement or already retired, who in my view should be encouraged to contribute at higher levels than may have been possible earlier in their working lives due to such factors as the direct and indirect costs of bringing up children, and paying off mortgages on their residential home.

I concede the superannuation system should also be seen to be fair. In that context, I am strongly supportive of the tax rate on superannuation concessional contributions being a notional 15% discount on the contributors marginal tax rate, where that marginal rate is 37% or above. That is in the case of the 2015/16 tax year, for those with an adjusted taxable income of \$80,001 to \$180,000 it would be 22% (37% - 15%), and for those with an adjusted taxable income over \$180,000 it would be 32% (47% - 15%). There would be no change to the 15% rate on concessional contributions by those with an adjusted taxable incomes of less than \$80,001. This scheme could be administered in a similar fashion to the current arrangement where those have an adjusted taxable income of more than \$300,000 are taxed 30% on concessional superannuation contributions.

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