OBJECTIVES OF SUPERANNUAITON

The primary objective, according to the FSI, is to provide income in retirement to substitute or supplement the age pension.

This statement does not go far enough. The omission from legislation as it presently stands, is the stipulation that at least some of the savings amassed during the accumulation phase must actually be used to provide for our retirements upon reaching preservation age.

On the one hand, *SIS* 7 states that the primary purpose of superannuation is to provide for retirement. On the other hand, upon reaching preservation age, we can cash out the entirety of our superannuation and not have to spend a cent of it on providing for our retirements. Contrary to the intentions of Treasurer Dawkins whose vision for the objective of superannuation was "to permit a higher standard of living than if we continued to live on the age pension alone", many people treat super like they've had a win on the lottery, utilise the entirety for folly and then go with their hands out to Centrelink. What I propose, is that it is compulsory, for at least some of our retirement savings, to be spend on looking after ourselves in retirement.

The FSI objective of alleviating fiscal pressures on government from the retirement income system can be achieved as follows:

We could base it on the marginal tax rate system whereby people who have earned somewhere in the bracket of x, must provide for themselves for a certain period of time before being eligible for government funded pensions and have various brackets of this. The more you have earned, the longer you must provide for yourself.

You can also do this in conjunction with how large the superannuation balance is.

There is also the option of stipulating that people must provide part of their own pension, say $10,000 a year and the government will provide the remainder to prolong the balance due to bank account interest earned.

These measures will have the added bonus of people taking some interest in how their superannuation is performing because they then have some responsibility for providing, at least in part, for their retirements.

Adequacy

Point One. Another facet of the current system that needs to be looked at, is that although it is compulsory to provide superannuation for your employees, there is no such stipulation for the self employed. Perhaps contributions for self employed persons must be done on a so many year basis to allow for the good times and the lean, to ultimately provide for their retirements too. This further saturates the population with those who have superannuation.

Point Two. There is an unacceptable discrepancy between average account balances for men and women. The table below demonstrates the problem on an average basis and at different ages[1]. The information pertains to the 2013 / 2014 financial year.

Superannuation Fund Balances

Age group	Men	Women
All persons > 14	$98,535	$54,916
30 – 34	$36,400	$25,550
60 – 64	$292,500	$138,150

Because women have children and their life expectancies are longer than men, a discussion needs to be had on how to address adequate amounts for women in retirement. In this context, adequate is defined as being able to enjoy the same standard of living as a man who has performed the same role or earned pay of equal footing to her person and also factoring in the longer life expectancy of women. This point ties in with both the primary purpose of superannuation as proposed by the FSI and the subsidiary objective of adequacy.

Where should these objectives be housed?

The Objectives of superannuation rightfully belong in the *SIS Act 1993*. This is not a whole new form of taxation, it is still superannuation and all matters pertaining to superannuation should be kept in the *SIS Act 1993.*

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[1] Superannuation Account Balances by Age and Gender, http://www.superannuation.asn.au/policy/reports by Ross Clare, Dec 2015.