



Nexis

Superannuation Events as reported in the Press

Confusion Over Changes in Tax on Superannuation Funds

The Age reported on 10 October, '88 that in Federal Parliament recently, Mr. David Connolly, the Opposition spokesman on Social Security had asked the acting Treasurer, Mr Dawkins whether superannuation funds were collecting taxes on employer contributions made since 1 July this year.

He then asked, the report continued, whether such a collection left fund administrators and trustees liable to be sued by members given that the required legislation was not yet in place.

(Last May, Mr Keating announced that the Government would levy a 15 percent tax on all net investment earnings of superannuation funds, which would be reduced by imputation credits. He also announced a 15 percent tax on employer contributions to funds, to be offset by a reduced benefits tax).

"The Government is reaping a sizeable portion of the \$1.4 billion superannuation tax harvest without a legal right to do so," Mr Connolly said. "There is no guarantee that the legislation will pass through Parliament unamended."

Higher Retirement Age for Women Called Again

The Financial Review reported on 10 October, '88 that the Business Council of Australia had again called on the Government to raise the retirement age for women in line with the 65-year limit for men as part of a national retirement incomes policy.

At the Association of Superannuation Funds of Australia National Conference, Mr Eric Mayer, chairman of the the BCA taxation committee, made the call as part of an eight-point package of income-policy measures designed to shift emphasis on retirement funding to the private sector. He said he remained disillusioned and cynical about the chances for a bipartisan approach to a retirement-incomes policy at a Federal Government level.

He concluded that a successful retirement-incomes policy required a more generous incomes test than now existed and greater stability in retirement policies.

AIDS Victims Misusing Superannuation System

The Northern Territory News, 21 October, '88, reported that according to the Life Insurance Federation of Australia (LIFA), a significant number of AIDS victims were changing jobs to take advantage of superannuation schemes with higher benefits.

"Employers are now becoming the victims of AIDS sufferers," said Mr Bob Hartley, Chairman of LIFA (SA).

"In the long term, other superannuation beneficiaries may suffer through reduced benefits."

The report said that according to a NACAIDS report in January this year, more than 50,000 people have AIDS. On an estimated 49.9 percent death rate, 25,000 would die before the turn of the century.

"While an average life insurance claim is about \$37,000," Mr Hartley said, "where superannuation is involved, an average claim is about \$132,000. This will erode the whole superannuation system.

"Safeguards for superannuation funds must be introduced to prevent the system being raided by people with AIDS," he concluded.

Full Resignation Benefits Suggested by Cass Report

The Age wrote on 25 October, '88 that the Cass report had called for 'big improvements' in superannuation that would require employers to hand employees full benefits when they changed jobs.

It said such improvements in vesting and expanded coverage would be necessary if superannuation was to play a substantial role in providing retirement incomes in Australia.

The report also suggested extended superannuation or tax-favoured savings to those outside the workforce for protracted periods.

"Extending coverage is essential in order to increase retirement incomes for all older people," the report said.