

15 Feb 2021

[WIR 15/02/21 - The great super debate begins \(again\) – Transcript.](#)

[This week's podcast looks at issues being floated for changes to super as we edge towards the 2021 Federal Budget.](#)

Hello and welcome to today's BT TechKnow podacast. My name is Bryan Ashenden, and I have the pleasure of leading the BT Technical Services team – a team of experts that are available to answer any technical advice strategy related queries you may have.

Not surprisingly, at this time of year, we see a lot of debate occurring on superannuation. Over the last few weeks, and no doubt over weeks to come, many organisations release copies of pre-Budget submissions that they have submitted to the Federal Government or changes they are advocating for. And in the financial advice space, many of those submissions have a focussed on super. This occurs every year, and 2021 is proving to be no different in terms of submissions being made, but we have to remember that the current environment is actually a little different.

This year's Federal Budget, due on 11 May 2021, which is less than 90 days away, will be delivered in an environment where the Australian economy is still in recovery mode from the impacts of the COVID-19 environment, and yet is also facing challenges that arise when outbreaks occur still, and potentially will continue to occur into the future.

In addition, late in 2020, the Government released the report from the Retirement Income Review. That report contained no specific recommendations, and the Government has not announced any changes subsequent to (and based on) that Report. Rather, they have given indications that changes, if any, may not be announced until this year's Federal Budget, and/or may not take effect until at least 1 July 2022.

This hasn't stopped the debate though starting to arise as to what the future could look like.

Perhaps setting the scene from some of this debate, APRA recently released its annual superannuation bulletin for the 2019/20 year. The report showed that as at 30 June 2020, total superannuation savings in Australia were valued at approximately \$2.9 trillion, but this was down almost 1% from the prior year. Some of that fall may be attributed to market impacts during COVID-19, but there would also be an impact from members seeking an early release of some of their superannuation savings under COVID-19 relief measures. Recent APRA data shows that approximately \$37B in super savings was released under this measure across 2020.

APRA's annual bulletin also mentioned that the average super account balance for males was \$95,257 and for females was \$77,479. Whilst these are just overall averages, and not average retirement balances, and take into account members who are new entrants to the workforce and just starting their super saving journey, it still highlights that super balances for many will be significantly below expectations, or below what they really need for retirement.

And this is what creates the debate. What can be done to improve retirement savings? How can the inequality in savings between males and females be addressed? Should super guarantee be increased, or should it be frozen? Should the rules for females be different – for example, should the \$450 monthly threshold before super guarantee is payable be waived for women? Or simply waived altogether?

There have even been suggestions on possible changes to the taxation of super, particularly in retirement phase, with suggestions that some taxation should be put in place and the income generated diverted to funding aged care places.

Whatever the outcome, the debate on possible changes is always welcome. However, it always needs to be tempered by ensuring that any changes made don't undermine the confidence of Australians in the system itself. Whilst changes may be meritorious, if they detract from confidence, then they won't achieve their goals.

After a week off, Parliament also resumes sitting for two weeks from Monday 15 February 2021. Whilst there is no guarantee of what Bills will be debated and passed over the course of those two weeks, it will be interesting to see if the Bill extending the eligibility age for bring forward non concessional contributions to super to age 67 is finally passed through the Senate. And of course, we are waiting to see what happens with the annual consent measures being introduced as a result of Royal Commission recommendations. Hopefully we will be able to bring some more information on these in upcoming podcasts.

Remember if you have any technical advice strategy questions, you can call our BT Technical Services team on 1800 655 901 or send the team an email at technical@btfinancialgroup.com.

And you can also join us for our fortnightly BT Academy webinars this year, with our next webinar scheduled for 24 February 2021 when I will ask the question of whether incremental changes can bring super opportunities. In that session, we will look at what impacts the confirmed indexation of the transfer balance cap and anticipated indexation of contribution thresholds has on super strategies. I'll give an update on the progress of legislation through Parliament at that time. To register, head to www.bt.com.au/professional and follow the link to the BT Academy webinars.

Until next time, bye for now!

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