

Media Release

SUPERCHARGING A MORE STREAMLINED SUPER SYSTEM Overall reform agenda means more super savings to flow to customers

Sunday, 2 May 2010

The fact workers will have a 12 per cent Superannuation Guarantee (SG) by 2019-2020 highlights the significance of the Super System Review reforms proposed in March this year, according to BT Financial Group.

Welcoming the Henry Review report and the Government's response, Mr Brad Cooper, Chief Executive of BT Financial Group said: "With more people investing more into super, you want to make sure they have a better super system to work with. And you start to get a clearer picture of an improved super system when you look across the Government's responses to the Henry and Ripoll reviews and the suggested reforms coming from the Cooper review.

"That picture includes a more customer-focused super industry that's much more efficient and much more transparent. It's supported by financial advisers who clearly put the clients' interests before their own. Overall, it allows for a much higher level of engagement with super among all working Australians.

"With the SG increasing over coming years, more of those super savings should end up in people's hip pockets because we will have delivered a more efficient system, and that will be a great thing for all Australians," Mr Cooper said.

Highlighting two customer groups who are most at risk under the current system, BTFG applauded the recommendations for people nearing retirement as well as low income earners.

"Increasing concessional super contribution caps for those nearing retirement, increasing the compulsory superannuation age limit from 70 to 75, and effectively making super contributions tax free for low income earners from 1 July 2012¹ will help directly address the retirement savings short-fall these workers were destined to have," Mr Cooper said.

Industry infrastructure changes are critical

Australia's retirement savings system has already weathered the most exceptional financial crisis of or time and fostered an industry which is a leader globally, but BTFG says the industry has a myriad of opportunities in terms of serving its customers.

"In many ways we are still in the dark ages, but there's an overhaul on the horizon," Mr Cooper said.

"Cutting operational costs by up to 25 per cent, reducing cheques and paperwork delays by using electronic systems, mandating one set of data standards and using tax file numbers to make lost super a thing of the past are all positive initiatives to strip unnecessary complication and costs from the system," he said.

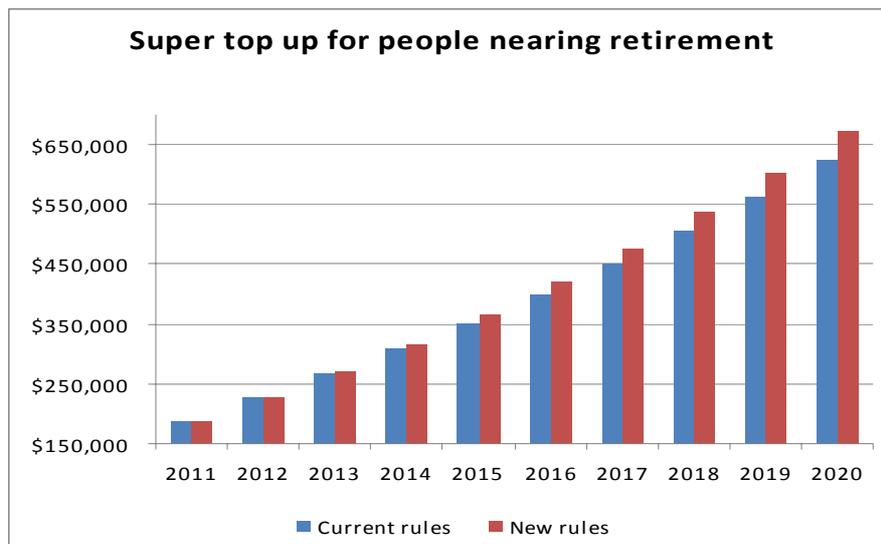
¹ The Government will make a contribution of up to \$500 from 1 July 2012 into the super account of workers on taxable incomes of up to \$37,000.

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ENDS

Additional case study: older workers

As a result of these proposed changes, a 51 year old working Australian who takes advantage of the opportunity to increase his/her concessional contributions to \$30,000 (this amount includes their employer's compulsory super) over a 10 year period will end up with almost \$50,000 more in their superannuation.²



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About BTFG

BT Financial Group (BTFG) is the wealth management arm of the Westpac Group which, following the Westpac and St.George merger in late 2008, also includes the wealth division of St.George bank. The result is BTFG - a strong stable of market leading brands and capabilities. Today, the brands within BTFG provide our customers with a full spectrum of wealth services. These include investment, superannuation and retirement income products, investment platforms, financial advice, private banking and insurance solutions. BTFG is the largest administrator of superannuation, retirement and investments in Australia with more than \$90 billion in total investments (*funds under administration as at 30 June 2009*).

Important information: The information shown is general information only and does not take into account your financial situation, personal objectives and needs. Therefore, you may wish to consult a financial planner before making your investment decision.

² BTFG: "Joe, aged 51, currently has \$150,000 in super. From 1 July 2010, he would have had 2 more years of being able to use the transitional cap for people over 50 to contribute up to \$50,000 of concessional contributions to super. Now this option is available for longer. This calculation is based on the assumption the \$500,000 threshold will be indexed so that Joe remains eligible to continue the increased contributions."