



Director
Tax and Transfers Branch
Retirement, Advice and Investment Division
The Treasury
Langton Crescent
PARKES ACT 2600

17 April 2023

Better Targeted Superannuation Concessions

Women in Super has prepared this submission as a response to the overview of the proposed model for better targeted superannuation concessions.

Women in Super works to improve the economic security of Australian women in retirement.

Structural inequalities in Australia's superannuation system result in women retiring on average with significantly less super than men.

After 30 years of compulsory superannuation paid on wages, Australia's superannuation assets have grown to \$3 trillion. Because women perform more unpaid and low paid work, the prosperity generated by these assets is not equally distributed.

Women in Super advocates for reforms that address the systemic inequalities that harm women as they age.

Women in Super grew from the trusted all-profit-to-member superannuation sector and our values reflect their objectives to improve the retirement outcomes of working Australians, returning all profits to members.

Women in Super builds networks and relationships of advocates, leaders, and volunteers across the sector to organise, convene and advocate for meaningful policy change for Australian women and to increase women's, capacity, professional development opportunities and participation in our sector.



Our purpose

Women in Super works to remove the gendered inequity in superannuation. Women in Super advocates for structural reforms for women to receive a more equitable share of Australia's flourishing superannuation assets. Women in Super provides our members with various professional development, networking, and career progression opportunities, including events, scholarship programs, and training sessions.

Objective

For a fairer superannuation system to enable Australian women to retire with dignity and economic security.

Recommendations

Women in Super strongly supports better targeting of superannuation tax concessions. The current structure of superannuation tax concessions is regressive, poorly targeted from an economic perspective and deeply inequitable from a gender and income equality perspective.

A significant annual expenditure is made by the Australian economy to support retirement incomes through superannuation tax concessions and should be better targeted in terms of improving retirement income for women and other cohorts who face economic insecurity in retirement. The current system sees women on aggregate receiving around only 40% of super tax concessions¹, despite lower levels of economic security in retirement.

This proposal by the Federal Government to decrease concessions for individuals with more than \$3 million in their super accounts is a welcome start to addressing the inequalities with our current system. However, these changes will not address the current structure which sees most working women get little or no support via tax concessions, and in some cases incur a financial penalty when making contributions into superannuation.

The inequality of our superannuation tax structures is not a new discovery - it has long been known that our superannuation system is discriminatory. The Australia's Future Tax System Final Report from December 2009 stated that the structure of the existing tax concessions is inequitable benefiting high

¹ [The Treasury, Tax Expenditures and Insights Statement, February 2023.](#)



income earners significantly than low-income earners². In 2020, this was reiterated in the Retirement Income Review (RIR) Final Report which once again exhibits the unfairness of the tax concessions system. In 2019, women were estimated to receive around 40 percent of all superannuation tax concessions.³ However, the distribution of these concessions means that there are many working women who receive no or very little government support in this system.

While the Age Pension helps supplement the income of those impacted by the inequities in retirement outcomes, the design of superannuation tax concessions only further increases the inequality in the system, providing greater benefit to those on higher incomes – who are more often men⁴. More than three quarters of the top 0.1% of high income earners are men, with similar disparity in the top 10%. These top 10% of earners receive 30% of the concessions, with households in the bottom 30% of incomes receiving just 4%⁵. This structural inequality feeds directly into the difference of super balances and compounds with other factors including the gender pay gap and the ‘motherhood penalty’, resulting in women aged 55-59 having a median balance of just \$50,000, compared to men’s \$115,000 at the same age⁶.

Overall, the RIR suggested that changes to improve the targeting superannuation tax concessions would improve the equity of the retirement income system⁷.

It is a complex task to completely overhaul the tax concession system, but the structure can and should the paucity of support provided to those with low incomes/balances. Women in Super has proposed redirecting some of the savings from these concession changes. To improve outcomes for women and other low income earners. WIS proposes providing those aged over 25 with balances below \$100,000 a \$1000 per annum government contribution⁸.

Before any changes are implemented, a full gender impact analysis must be undertaken to ensure the gender impact of all policy choices is understood. Policy changes are continually implemented without a gender analysis, consistently resulting in poorer outcomes for women⁹.

² [Australia’s Future Tax System Part Two Detailed Analysis – December 2009](#) p. 100

³ [Retirement Income Review Final Report, July 2020](#) p. 273

⁴ [Retirement Income Review Final Report, July 2020](#) p. 20

⁵ [The Australia Institute, Rich men and tax concessions, April 2021.](#)

⁶ [ASFA, Superannuation Balances by Age and Gender.](#) 2019.

⁷ [Retirement Income Review Final Report, July 2020](#) p. 42

⁸ [Women in Super, Policy and Priorities Framework, 2022](#)

⁹ [Australian Institute of Superannuation Trustees, 2020.](#)



A particularly acute inequity which requires urgent attention is the lack of indexing of the LISTO.

Realigning the Low-Income Superannuation Tax Offset would be a simple change that would be a start in redistributing the inequal concessions. The LISTO was designed to ensure that the tax rate on compulsory contributions is not higher than the rate of income tax paid by low-income earners¹⁰.

Originally aligned with the 19% upper limit tax bracket of \$37,000, the tax bracket has increased to \$45,000, whereas the LISTO limit has not been adjusted. Over a million workers earn between \$37,000 and \$45,000¹¹ each year and are currently missing out on this payment which will have a significant impact on their super balance at retirement. The existing LISTO brackets impact 2.6 million workers, 60% of whom are women¹².

There are multiple ways the LISTO could be realigned to ensure it is fair. WIS proposes increasing from \$500 to \$640 a year, and additional mechanisms must be introduced to ensure that the LISTO change is linked with other changes in the tax system. This will deliver \$488 million in super tax offsets to those earning less than \$45,000 a year. As a result, a 30 year old woman earning \$30,000, could be \$56,170 better off in retirement¹³.

¹⁰ [ATO, Low income super tax offset, July 2019.](#)

¹¹ [ABS, Census of Population and Housing, 2021.](#)

¹² [ATO, Annual Reports: Low income super tax offset, October 2022.](#)

¹³ [Industry Super Australia, A super tax adjustment is needed to stop women taking further hits to their retirement savings, October 2020.](#)



Summary of Recommendations

To summarise, Women in Super is supportive of the proposal to reduce concessions on high balances but stresses that this is not enough to address the structural inequality which exists in the structure of Australia's superannuation tax concessions. There are multiple ways that this inequality can be address, but Women in Super proposes these changes be implemented:

- A full gender impact analysis be undertaken to ensure the gender impact of altering the structure of tax concessions is understood.
- The LISTO be realigned to ensure low-income earners are not paying more tax on their super than their take-home pay, and mechanisms introduced to ensure the LISTO will change automatically with other changes in the tax system.
- A government rebate to low balance superannuation accounts to help address some of the inequality in super balances and retirement outcomes.

Kind regards,

A handwritten signature in blue ink, appearing to read 'Jo Kowalczyk', with a long horizontal flourish extending to the right.

Jo Kowalczyk
CEO, Women in Super