



Division Head
Retirement Income Policy Division
The Treasury
Langton Crescent
PARKES ACT 2600

12 February 2018

RE: EARLY RELEASE OF SUPERANNUATION BENEFITS

Women in Super has prepared this submission in response to calls for comment on the consultation paper, 'Early release of superannuation benefits: Under compassionate and financial hardship grounds and for victims of crime compensation' released by Treasury.

WOMEN IN SUPER

Women in Super (WIS) is a national advocacy and networking group for women employed in the superannuation and wider financial services industries.

WIS advocates on behalf of its members and women generally to government, politicians, unions, employer organisations, regulators, and superannuation funds to improve women's retirement prospects and access to superannuation.

One third of women currently retire in poverty and it is for this reason that WIS makes submissions to Parliament and participates in Parliamentary and Treasury inquiries into the retirement income system and the role and objectives of superannuation in achieving financial security in retirement.

EARLY RELEASE OF SUPERANNUATION BENEFITS

WIS does not oppose the early release of superannuation benefits, in limited circumstances, as a last resort where other forms of support are insufficient. The main purpose of superannuation is for financial security in retirement and as the gender super gap currently sits at 47%, it is important that early access not replace structural support systems already in place.

WIS notes that the Objective of Superannuation has not yet been legislated. We believe that any expansion of the current early release of superannuation legislation should be in keeping with the final Objective of Superannuation so there is consistency between the purpose of superannuation and the application of legislation regarding what retirement savings can and cannot be used for.

Furthermore, WIS has argued for the inclusion of ‘men and women’ in the legislated Objective of Superannuation and we would like to see consideration given to the implications for women of any new legislation given the current gender super gap and women’s poor economic outcomes in retirement. It is likely that expansion of the grounds for early release of superannuation will impact many women with low balances. In particular, those women (and men) who are already facing poverty and financial hardship and will lead to even greater financial insecurity in retirement. Monitoring and assessing the gender implications of early release would enable the Government to design and implement social, economic and financial policies targeting sections of the population who need assistance most.

PRINCIPLES UNDERPINNING EARLY RELEASE

PRESERVATION

WIS agrees that superannuation benefits should generally be preserved to provide income in retirement to supplement the Age Pension. WIS also concurs that early access to superannuation for other purposes can be inconsistent with the preservation principle unless it is deemed that two of the three guiding principles are present.

GENUINE HARDSHIP

WIS agrees that there will be circumstances where the benefits of early access to superannuation for an individual will exceed the benefits of preserving balances until retirement. However, there needs to be clear guidelines as to when this may occur so that the notion of genuine hardship can be applied consistently by the superannuation industry.

LAST RESORT

WIS agrees that early release of superannuation benefits should generally be a last resort where other sources of financial support have been exhausted. It is not an appropriate replacement for existing health and income support policies. Nor is it an appropriate replacement for Federal or State based schemes that are already in place to provide compensation where compensation is due or to alleviate particular crises faced by Australians whether they be financial or other.

FAIR AND EFFECTIVE

WIS agrees that the rules surrounding early release should be such that it is possible for them to be administered fairly and effectively and to ensure applications can be dealt with in a timely and consistent fashion, and that similar cases can be treated alike.

DOMESTIC VIOLENCE

WIS supports the early release of superannuation for victims of domestic violence. With an average of one woman killed each week by a partner or former partner in Australia, it is clear that there needs to be access for victims on compassionate grounds.

Family violence is often linked to financial abuse and can be a major obstacle for women leaving dangerous situations. As such, WIS acknowledges that urgent short-term financial support supersedes the need to save for retirement.

However, it must be noted that applications for early release of superannuation are unlikely to be processed quickly enough for victims requiring immediate financial support and who are facing crisis point. The current superannuation system is not designed to cope with urgent or immediate requests for release of superannuation benefits.

WIS acknowledges that early access to superannuation benefits may reduce financial security in retirement and exacerbate the savings gap between men and women and agrees that under these circumstances, early release for victims should be considered as a last resort where other forms of assistance have been inadequate.

Early access in these circumstances is likely to fall under the grounds of financial hardship, homelessness and/or victims of crime.

RENTAL ASSISTANCE

Renters who cannot make their rental payments should be granted early access to superannuation due to financial hardship. Criteria should be narrow and limitations clear to avoid manipulation of the system.

It may also be necessary for caps to be put in place to ensure individuals do not become dependent on this access, and it should only be utilised in extreme circumstances where current support systems are deemed inadequate.

VICTIMS OF CRIME COMPENSATION

WIS acknowledges that currently victims of crime cannot generally access the superannuation of a perpetrator where they are owed a payment as a result of a court proceeding, and therefore the proposed measures would be a clear departure from the system which currently does not allow access by third parties.

Circumstances where victims of crime are able to recover unpaid compensation or restitution from a perpetrator's superannuation should only occur when stringent criteria are met – these could include the following:

- That the victim is unable to access money from any other compensation measures.
- The value of the claim should be capped at a reasonable amount.
- The severity of the crime perpetrated.
- Access to compensation is available to the victim only.

This access to superannuation should in no way replace the current ways a victim of crime can seek compensation from the perpetrator:

- State and Territory statutory compensation regimes, where the state pays compensation to a victim of crime.
- Compensation or restitution orders requiring the perpetrator to pay the victim, handed down as part of the sentencing process in a criminal trial.

- A victim pursuing civil action against a perpetrator or alleged perpetrator for damages (either following their conviction or in the absence of a conviction).

It is also vital that clear guidance be given to how the rights of those women whose partners are the perpetrators of crime and whose superannuation is tied up with them should be dealt with. Invariably women will be affected by this fundamental change to the system.

SUMMARY AND RECOMMENDATIONS

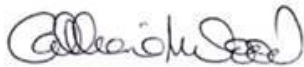
In summary, WIS makes the following key recommendations in relation to the early release of superannuation benefits:

- Extending the current guidelines to accommodate rental, subject to a process being established and to caps and annual limits being implemented
- Domestic violence be included
- Consideration be given to the use of superannuation as a last resort to compensate victims of crime. As outlined in our submission, this should be subject to a number of provisions to ensure that it is only the most serious of crime victims that are given access to superannuation as this is a major departure from the current system.

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Yours sincerely,



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