

I read with interest yesterday that a review of super is open to review. Great news. Super is designed to help enable people to save for their retirement so that they become less of a financial burden on the Government pensions, etc yet it treats those with a lower income (and by default super balance) unfairly in comparison to those with a high income and balance.

Given the personal income tax rates operate on a progressive scale why shouldn't the tax rate within super do the same. A 15% tax rate on all earnings is fantastic if your personal tax rate is 47% but terrible if your personal tax rate is less than 15%. Why not have the tax rates within super linked to the tax rates paid on personal income? For example, why not have the tax rate in super set at 50% of what the personal income tax rate is? This would mean that the balance of those with lower incomes and balances grows faster while those with higher income and balance still experience beneficial tax treatment. Then once in retirement, the tax reverts back to 15% across the board - but with a tax free threshold to help support those with smaller balances.

Alternatively, why not have a progressive tax scale similar to personal income tax? That would mean a tax free threshold for lower earnings. Those with lower balances and earnings should be able to get tax advantages by having money in super - it should not just be the wealthy that get them. Tax benefits for the lower incomes/balances would encourage additional contributions because it would make sense to. At present, why would someone with a tax rate of less than 15% investment more in super so that that investment earning can be tax at 15%? Better to invest outside of super.

Early access to super for the purpose of helping people to buy a house should not be possible as that would have a negative effect on affordability - more people would have more money to spend which would increase demand and prices.

I look forward to seeing what happens as a result of the review.

Regards,

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