

From: Graham Williams
To: [Retirement Income Review](#)
Subject: The Australian superannuation system has become extremely unfair and inefficient
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I am writing because of my deep concern at how unfair and inefficient our superannuation system has become. I would like to point out that I am someone who is in the upper bracket of income earners.

In Australia, taxpayers contribute 10 times as much money to the superannuation accounts of the people in the richest 1% than they contribute to the people in the poorest 10% of workers.

While ordinary income is taxed progressively, from zero percent on income up to \$18,200, to 47% on incomes over \$180,000, contributions to superannuation are typically taxed at a flat 15%. That constitutes a big tax break for someone earning \$200,000 a year, and no tax break at all for someone earning \$15,000 a year.

Once money is invested in a superannuation account the interest and dividends it earns are also taxed at a flat 15% instead of the marginal tax rate. For many wealthy Australians, who have \$10m in their super fund and who earned \$800,000 in dividends and interest last year, that \$800,000 would be taxed at a flat 15% instead of the top marginal tax rate of 47%.

However, for a part-time cleaner earning \$15,000 who had accumulated \$100,000 in super over the past 30 years, who's super fund earned \$8,000 in interest and dividends, it would be taxed at the same 15% rate as someone with \$10m – even though someone earning \$15,000 per year is below the income tax threshold and has a marginal tax rate of zero.

So that when it comes to super funds, the earnings of those with millions are taxed at far less than their marginal tax rate, and the tax earnings of those with small balances are taxed at far more than their marginal tax rate. It is therefore evident that concessions for superannuation literally amplify inequality in Australia.

There is no link between supporting a system of compulsory superannuation and supporting the current system of tax concessions that gives billions of dollars per year to those with millions and nothing to those with low incomes and low balances.

It would be easy to cap the generosity of tax concessions to those with the most and boost support for those with the least. It is done with the age pension and could easily be done with super.

Therefore I strongly support reviewing the superannuation system in order to cap concessions to those who receive high incomes from their superannuation.

Yours faithfully,
Graham Williams.