



One Company  
Many Brands



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12 March 2012

Ms Julie Owens MP  
Chair  
Standing Committee on Economics  
PO Box 6021  
Parliament House  
**CANBERRA ACT 2601**

By email [economics.reps@aph.gov.au](mailto:economics.reps@aph.gov.au)

Dear Ms Owens

## **INQUIRY - TAX AND SUPERANNUATION LAWS AMENDMENT (2012 MEASURES NO. 1) BILL 2012**

I refer to the Parliamentary Committee Inquiry into the *Tax and Superannuation Laws Amendment (2012 Measures No. 1) Bill 2012* (the Bill). Suncorp welcomes the opportunity to comment on the Bill and the Explanatory Memorandum.

### **The Suncorp Group**

Suncorp Group Limited and its related bodies corporate and subsidiaries (collectively 'Suncorp') offer a range of financial products and services in banking (Suncorp Bank), general insurance, life insurance and superannuation (Suncorp Life) across Australia and New Zealand. Suncorp has around 16,000 employees located across Australia and relationships with over nine million customers.

Suncorp Life is a trans-Tasman life insurance specialist offering life insurance, superannuation and investment products through Independent Financial Advisers (IFAs) and direct to Suncorp's customers. Our key life insurance brand is Asteron Life and our superannuation product is Suncorp WealthSmart.

Our financial advice brand is Guardian Advice. Million Dollar Woman, our new Life brand, offers day-to-day living insurance – recognising the value of unpaid domestic work of stay-at-home parents.

We have approximately 1,130 employees and provide products and services to around 625,000 customers across Australia and New Zealand. This submission is made on behalf of the Suncorp Life division.

### **The Tax and Superannuation Laws Amendment (2012 Measures No. 1) Bill 2012**

The Bill incorporates the following:

- Schedule 1 - GST-free health supplies;
- Schedule 2 - GST treatment of appropriations;
- Schedule 3 - Indexation of superannuation concessional contributions cap;
- Schedule 4 - Superannuation — refund of excess concessional contributions;
- Schedule 5 - Disclosure of superannuation information;
- Schedule 6 - Superannuation — payslip reporting; and
- Schedule 7 - Refunds.

Suncorp is committed in providing superior service and peace of mind to our customers by helping Australian families achieve a more secure future through their superannuation products. Suncorp's interest in the Bill is based on an economic argument in the benefits in increasing retirement savings of Australian families. Suncorp confines its comments to Schedule 3 and has no argument with the remainder of the Bill.

### **Schedule 3 - Indexation of Superannuation Concessional Contributions Cap**

Current trends suggest that by 2050 there will only be 2.7 working Australians for every citizen over 65 years of age, compared to 5 working Australians today. This trend will challenge Australian's productivity growth over the next 40 years.<sup>1</sup>

The concept of full time work followed by full time retirement needs to be challenged. Much has been done on a policy level to encourage this, including increasing the qualifying age for the Age Pension and a wider revamp of welfare, superannuation and labour force reforms.

Australians remaining in the workforce for longer periods will stretch retirement incomes by supplementing superannuation through part-time work as well as reducing our nation's skills shortage. It is also likely to put downward pressure on the take up of the Aged Pension, especially the full pension.

Despite introduction of the Australian Government's Superannuation Guarantee (SG) on 1 July 2002 and subsequent reforms, mean balances in superannuation accounts in 2009 -2010 are:

- men 15 years and over - \$71,645;
- women 15 years and over - \$40,475;
- men 60-64 years - \$198,235; and
- women 60-64 - \$112, 632.<sup>2</sup>

These statistics are not inconsistent with Suncorp's statistics of customer superannuation balances.

Pausing the indexation on the concessional contributions cap will restrict the amount of superannuation contributions our customers will be able to make to their superannuation fund which in turn will impact upon their long term retirement savings. This appears to be inconsistent with the Government's policy of encouraging Australians to fund their own retirement.

Our customers who are over 50 will particularly be impacted by this change at a time when they are looking to, and have greater capacity to, maximise the amount of concessional contributions they make into super each year prior to retirement. We have over 257,000 customers who are members of Suncorp superannuation funds.

Of these, 147,000 customers are over 50 years of age and of those customers over 64,000 are female and over 83,000 are male. The average balance for all our customers is \$22,000.00.

In contrast, lump sums needed to support a comfortable lifestyle for a couple (assuming receipt of a part Age Pension) is \$510,000 and for a single person is \$430,000. The lump sums are based on budgets where there is an assumption retirees own their own home outright and are relatively healthy.<sup>3</sup>

### **Conclusion**

Suncorp supports the Federal Government's broad initiatives of increasing workforce participation rates and productivity in the face of an ageing Australian population. Assisting Australians to save for their retirement is crucial to secure the future economic prosperity of Australia.

In this environment, Suncorp suggests the Government reconsiders the policy intention of pausing the indexation on the concessional contributions cap for the 2013-14 financial year, particularly for the over 50 age group.

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<sup>1</sup> [Australia to 2050: Future Challenges](#),

<sup>2</sup> The Association of Superannuation Funds of Australia (ASFA): [Superannuation Statistics, March 2012](#)-

<sup>3</sup> ASFA: [Retirement Standard](#); <http://www.superannuation.asn.au/resources/superannuation-statistics>  
<http://www.superannuation.asn.au/resources/retirement-standard>

Suncorp you wish to discuss our submission or any other matter relating to Schedule 3 please contact me on 02 8275 3602 or 0467 813 325. Alternatively, please contact Mike Thomas – Manager, Government and Stakeholder Relations on 02 8121 3115 or 0419 772 069.

Yours faithfully

A handwritten signature in black ink, appearing to read 'M. Pinto'.

Maurice Pinto  
**Executive Manager**  
**Risk & Compliance, Product & Service**