



SUBMISSION 19

House of representatives Standing Committee on
Economics, Finance and Public Administration

Submission No: 19

Date Received: 22 / 7 / 05

Secretary: *MS*

THE HON JACKIE KELLY MP
Federal Member for Lindsay

The Committee Secretary
Standing Committee on Economics, Finance and Public Administration
Department of the House of Representatives
Parliament House
Canberra ACT 2600

Submission into improving superannuation savings of people aged under 40

Dear Committee Secretary,

I would like to offer a few suggestions to the inquiry regarding the improvement of superannuation savings for people under 40. There are three subjects I would like to cover: the Military Superannuation Benefits Scheme; extending the Government's co-contribution retirement savings plan; and early education in superannuation.

1. Military Superannuation Benefits Scheme (MSBS)

Today, young people sign up for the military for four years initially and rarely do 20 years service. Their compulsory superannuation scheme is the MSBS which they cannot *roll over* into other funds when they leave the services – usually at a very young age.

This has led to disparate superannuation for 150,000 service personnel since 1991.

As a former member of the military myself, I have superannuation tied up in the MSBS, which lost value and cost me money last year.

If the money could be rolled over into future schemes, young people may be more interested in their retirement savings if they actually have to engage with them.

Another problem with the MSBS is that it is not a funded scheme and the payouts at 55 have to be part of the future fund. This is a future obligation that the Government could quite easily get rid of now.

The employer contributions to MSBS should be able to be rolled over into alternative funds upon employment cessation.

2. Extending the Government's Co-contribution retirement savings scheme

The co-contribution scheme for low income earners should be extended to people in microbusiness.

There are many very small businesses in the electorate of Lindsay where people operate from their homes with small overheads generating small profits. The capped \$1.50 for every \$1 co-contribution scheme should be extended to these home businesses.

3. Early superannuation education

I believe that we need to target people at a younger age to educate them about the need for retirement savings. Babies born today have a life expectancy of 100 years. if they choose to retire at 55, they have 35 years of retirement to fund, or a long time on a low public pension.

Young people need to know from an early age that they must think about their retirement. They will live more than a quarter of their lives as retirees and they need to be making provision for that from the day they start work.

The value of retirement savings should be taught in schools so young people are aware of their future needs.

I hope you take these suggestions/discussions on board.

Yours sincerely,



JACKIE KELLY MP
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