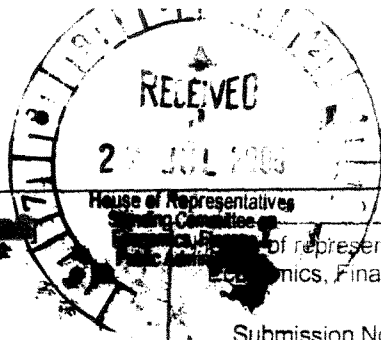


SUBMISSION 21

Bryant, Sharon (REPS)



From: Woods, Stephen [REDACTED]
Sent: Wednesday, 27 July 2005 9:56 AM
To: Committee, EFPA (REPS)
Subject: Superannuation savings of people under 40

Submission No:	21
Date Received:	27/7/05
Secretary:	ds.

Dear Sirs/Mesdames,

A barrier to voluntary superannuation savings for young people is the age-based deduction limit for employer contributions.

For employees up to age 35, the employer is entitled to a tax deduction on superannuation contributions of up to \$14,603 (2005/2006). This compares to an employee up to age 50 (\$40,560) or over 50 (\$100,587).

Voluntary salary sacrifice contributions are classed as employer contributions. Typically an employer, subject to the deductible threshold, will restrict employees from contributing such that total employer contributions must remain within this limit. That is, voluntary salary sacrifice contributions are restricted.

I, for example, would like to make additional voluntary salary sacrifice superannuation contributions. However the age-based limit restricts the level of contribution I can make to the point where it is simply not worth the effort. I am denied the tax incentive to make voluntary superannuation contributions available to other (older) employees. I would not consider after-tax contributions, as these are neither as effective nor appealing as (pre-tax) salary sacrifice contributions.

If superannuation saving is to be encouraged among younger people, the age-based employer contribution limit is counter-productive. Therefore I believe the age-based thresholds should be removed altogether but at the very minimum the under-35 threshold should be increased to at least the under-50 threshold.

Yours sincerely,
Stephen Woods

[REDACTED]

This email is intended only for the use of the individual or entity named above and may contain information that is confidential and privileged. If you are not the intended recipient, you are hereby notified that any dissemination, distribution or copying of this Email is strictly prohibited. [REDACTED] opinions or advice contained in this Email are subject to the terms and conditions expressed in the [REDACTED] e. Thank

You.

*****M