

From: Danny - Kearney Financial Services [kfs-danny@riverland.net.au]
Sent: Wednesday, 4 September 2002 5:08 PM
To: Superannuation, Committee (SEN)
Subject: Public Comment - Eligibility for Proposed Co-Contribution to Super
Re: Eligibility for Proposed Govt Co-Contribution to Superannuation for Low Income Earners

I am a Certified Financial Planner in regional South Australia, and would like to encourage further debate on the eligibility requirements of this proposed legislation.

For the benefit of providing Spouses with equal opportunity to have their own income in Retirement (and not for my own vested interest), I would like to see the proposed legislation to be available for all non working spouses.

Whilst the present Spouse Super rebate of 18% still remains, I do not think this is sufficient inducement for young families (especially if Dad is the the sole breadwinner), to make additional super contributions to a fund for "Mum".

I believe the proposed eligibility requirement for the co-contribution will be manipulated to take advantage of the higher Govt Co-contribution.

ie Mum will seek casual work just to earn \$540 in wages in a calender month to be eligible.

As a consequence, I believe a Spouse who has decided to stay at home and look after the family should be given as much inducement to increase her retirement benefit through superannuation, as possible.

For Example,

Jack & Jill are married with 2 kids. Jill just left her fruit packing job to have their second child, and does not plan to return to the workforce. Consequently she will not have any further employer super contributions to assist their eventual retirement.

Now surviving on Jack's income, Spouse Superannuation would not be a big priority for them.

Currently, Jack could contribute \$1000 to Jill's Super and be eligible for a rebate of only \$180.

Based on my experience, I do not encounter many families taking advantage of this rebate.

As I interpret the proposed co-contribution legislation, Jack however could send Jill back out to the workforce just so she qualifies for a SGC contribution, and in turn, becomes eligibile for the proposed Govt Co-Contribution.

In my recent discussion with families, they are prepared to sacrifice \$1000 out of the valuable family budget, to contribute to "Mum's Super", if it were matched with an untaxed Government co-contribution of \$1000.

I believe all non working spouses should be given this opportunity, just as much as those who seek casual employment.

My comments are based on the employment patterns of many families in the Riverland Region of South Australia, which is predominantly Horticulture & Viticulture based, with significant levels of seasonal and casual employment.

Thank you for the opportunity to register my comments.

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