
Recommendations

Identifying and quantifying adequacy

1. The Committee recommends that the Government announce a clear statement of objectives for Australia's retirement incomes system, including target retirement incomes for representative groups. (para 2.19)
2. The Committee recommends that, having established the objectives or goals, the Treasury convene a panel of key stakeholders to identify, and where possible recommend, common modelling assumptions and techniques for projecting retirement incomes. (para 2.75)

Closing the adequacy gap

3. The Committee recommends that the Government:
 - extend the co-contribution concept by raising the threshold to people on average earnings, and improving the coverage to lower to middle income earners;
 - remove the work test for making voluntary contributions for those under age 75; and
 - permit the contribution of any non superannuation asset to superannuation income stream products, providing that, as far as possible, there are no adverse tax or age pension means test consequences. (para 3.41)

Other adequacy issues

4. The Committee recommends:
 - examining the option of extending to the self-employed a framework for making superannuation contributions, with tax treatment similar to that which applies to employees making contributions; and
 - examining the removal of the \$450 earnings threshold for SG contributions. (para 6.46)

Equity and tax concessions

5. The Committee recommends that, together with industry, the Government conduct a review of the appropriate benchmark for measuring the impact of superannuation tax concessions. (para 7.31)
6. The majority of the Committee recommends that, in the long term, the superannuation contributions tax be gradually removed and replaced with a new approach to taxing end benefits. (para 8.33)

7. The Committee recommends that, until such time as the taxation regime has moved to back-end taxes, which would ultimately enable Maximum Deductible Contribution limits (MDCs) to be removed, the Government review the scale of the annual MDC limits. (para 8.66)

Surcharge

8. The majority of the Committee recommends that, as part of a policy to move towards a more equitable system of end-benefit taxation, the surcharge be gradually removed in the long term (given the revenue implications this may be achieved through a staged reduction). (para 9.28)
9. The Committee recommends that:
- a surcharge cap of the maximum rate of surcharge (currently 15 per cent) be implemented for members of private sector defined benefit funds; and
 - the burden of administering the surcharge be transferred from superannuation funds to the Australian Taxation Office. (para 9.29)

Whole of life equity measures

10. The Committee recommends that:
- the current Reasonable Benefit Limits (RBLs) be retained, but that the annual indexation applicable to RBL thresholds be limited (para 10.12);
 - the lump sum tax free threshold be gradually reduced to the annual equivalent of average weekly ordinary time earnings (AWOTE) and maintained at that level; and
 - lump sum taxes on amounts in excess of the thresholds be gradually adjusted in line with the tax rate applicable to income streams. (para 10.24)

Health and aged care

11. The Committee recommends that the Government consider proposals by which the superannuation system could be used to help meet health care costs in Australia, including dental health costs, which are expected to increase significantly in the next four decades. (para 11.62)

Income support

12. The Committee recommends that the Government:
- continue to strive for universal and adequate superannuation coverage, with a focus on low and middle income earners (para 12.31);

- review the current arrangements for access to the Commonwealth Seniors Health Card scheme to ensure that it focuses on those in greatest need (para 12.47);
- examine options to encourage older workers to remain in the workforce beyond the superannuation preservation age, particularly on a part-time basis (para 12.67);
- monitor the uptake of complying annuities, to ensure that the restrictions imposed do not inhibit the attractiveness of complying annuities;
- consider the appropriateness of the current minimum draw-down limits for allocated annuities;
- develop a standard set of rules applying to income streams (para 12.103); and
- examine options by which those who wish to could draw an income stream from their owner-occupied housing assets for retirement income purposes, including health and aged care expenses. (para 12.115)

Simplifying the superannuation system

13. The Committee recommends that more resources be allocated by Government agencies to assist people to prepare for retirement. (para 13.52)
14. The Committee recommends that the Government consider the matters raised in this report in order to identify ways to make the superannuation system less complex and more comprehensible to the Australian people. (para 13.55)

Other issues

15. The Committee recommends that, as means of increasing national savings and reducing the temptation for people to accumulate debt which is repaid with superannuation on retirement, the Government examine the introduction of a tax preferred medium to long-term savings vehicle which could be accessed prior to retirement for purposes such as:
 - health;
 - savings for a home deposit; and
 - education. (para 14.13)
16. The Committee recommends that the Government consider indexing Commonwealth funded superannuation benefits to Male Total Average Weekly Earnings (MTAWE) or the Consumer Price Index (CPI), whichever is the higher, in order that recipients share in the increases in living standards enjoyed by the wider community. (para 14.28)

