

February 10, 2022

QSUPER APPLAUDS LAWS THAT BENEFIT MEMBERS

One of Australia's largest superannuation funds has welcomed the passage of legislation which will benefit its members across the age spectrum.

QSuper, the \$130 billion fund which intends to become part of Australian Retirement Trust later this month, sees the legislation as a boost to the financial security of its 620,000 members.

QSuper Chair Mr Don Luke said the [Treasury Laws Amendment \(Enhancing Superannuation Outcomes For Australians and Helping Australian Businesses Invest\) Bill 2021](#), passed today, could add tens of thousands of dollars to the retirement balances of members as well as assist low income members to build a superannuation account.

The Bill's measures include:

- Removal of \$450 monthly income threshold for super contributions (which will particularly help young and low-income members)
- Lower age threshold for super downsizer scheme from 65 to 60 (which will help members near retirement convert equity from their home to superannuation income)
- Removal of super contribution "work test" for those aged from 67 to 74 inclusive (which will help older members continue to build their retirement balances)

Mr Luke said he was particularly pleased that the legislation had bipartisan support.

"Superannuation is a long-term investment. In some cases, we are investing to fund benefits our younger members will be seeing into the next century. The establishment of some common ground in this legislation is a signal to them of a consistent long-term approach to how superannuation is regulated," he said.

"I hope we can see more such common ground because superannuation members benefit from long-term policy settings that give them more choices in how they invest in superannuation as part of their retirement planning."

QSuper is on track to merge with Sunsuper on February 28 to form Australian Retirement Trust (subject to outstanding conditions and approvals).

Mr Luke will be chair of the fund which will be the second largest in the country with 2 million members and more than \$200 billion in funds under management, and the Chief Executive Officer will be Bernard Reilly.

"Australian Retirement Trust will be a force for good, to make the world for our two million members better, guiding them to and through retirement. We believe these laws are an essential step to help close the gap in retirement outcomes for all Australians, particularly low-income earners." said Mr Reilly.



The impact of these initiatives (based on QSuper modelling):

Lower age threshold for super downsizer scheme: Extension of the scheme to younger members will give them more flexibility in planning their retirement, adding to the sense of security. The downsizer contribution has become a part of the retirement income mix, allowing people to achieve two goals – to move to accommodation more suited as their family size drops and to turn the capital tied up in their home to retirement income. We expect it will be a popular measure for people aged between 60 and 65.

QSuper members downsizing their family homes contributed more than \$160 million to their super accounts in 2020-21, the third year of the government's downsizer measure. More than 730 QSuper members made downsizer contributions, with the average contribution around \$219,000. The average age of members making downsizer contributions was 73. This was up from 520 members using the scheme in 2019-20.

A 60-year-old adding \$300,000 to their super balance would be able to draw an additional tax-free income of almost \$20,000 per year from age 60 until age 88.¹

Removing income threshold: Australia's superannuation system is world leading, but we need to do more to boost the income of women in retirement. QSuper data shows that women, on average, have a retirement balance 27% less than men. Our data shows women aged 60-64 are retiring with, on average, a balance of approximately \$297,000 while men are retiring with almost \$409,000. Women have higher rates of casual and part-time work, sometimes working for more than one employer, which has added to the imbalance due to the income threshold. The passing of this legislation means that low-income earners, many of whom are women, will now receive super contributions on all their income which will help lead to a better retirement.

The removal of the \$450 income threshold alone could mean tens of thousands more in retirement savings for women who reduce their working hours to care for family members. For example, with the threshold removed, a 40-year-old who earns \$449 per calendar month could boost their super by almost \$30,000 by age 67.²

¹ These figures are illustrative only and were calculated using the MoneySmart calculator <https://moneysmart.gov.au/retirement-income/retirement-planner> (accessed 1 December 2021). The calculation does not take into account Age Pension entitlements. It assumes a starting balance of \$200,000, with interest of 7.5% which compounds monthly, earnings are reinvested and fully credited at the end of each month, and provides an estimate of the future value of savings, which could vary significantly over time if any change is made to these assumptions. Results are shown in today's dollars, which means they are adjusted for inflation of 2.5%.

² These figures are illustrative only and were calculated using the MoneySmart calculator <https://moneysmart.gov.au/how-super-works/superannuation-calculator> (accessed 30 November 2021). The calculation assumes 10% SG contributions on a gross monthly income of \$449 until retirement at age 67, with a starting balance of \$50,000. Interest compounds monthly, earnings are reinvested and fully credited at the end of each month, and provides an estimate of the future value of savings, which could vary significantly over time if any change is made to these assumptions. The interest rate assumed is 7.5% p.a. and is net of fees and taxes. Results are shown in today's dollars, which means they are adjusted for inflation of 2.5%.



Further Information

QSuper Media – 07-30299374

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About QSuper

QSuper is one of Australia's largest superannuation funds, with \$130 billion in funds under administration. From humble beginnings over a century ago, today we manage the retirement savings of more than 620,000 members. Subject to approvals, we are soon to merge with Sunsuper to form Australian Retirement Trust with a membership of more than 2 million and more than \$200 billion in funds under management

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