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## Govt definition of super not adequate

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While the government has been lauded for its move to enshrine the objective of superannuation in draft legislation, failure to include any mention of retirement adequacy in the definition remains a considerable oversight, according to various industry groups.

On Tuesday, Treasurer Scott Morrison released the first tranche of exposure draft legislation for the proposed super tax concession reforms announced in the May budget.

As part of this legislation, the primary objective of super was defined by the government as the provision of "income in retirement to substitute or supplement the age pension".

Financial Planning Association of Australia (FPA) chief executive Dante De Gori proposed an alternate definition, arguing the objective of super should focus on the provision of "income and capital in retirement to provide a comfortable standard of living".

In an official statement from the FSC, chief executive Sally Loane noted that while the FSC supported the government's efforts in seeking to legislate a purpose for super, attaining a comfortable standard of living remained a challenge for many Australians.

"We believe that the objective of superannuation could be improved by including a focus on adequacy of retirement income," Loane said.

"A simple, transparent objective for superannuation will be the cornerstone of good policy for the superannuation system and protect it from further tinkering and raids from the parliament."

However, KPMG partner and head of wealth advisory Paul Howes spoke in favour of the government's proposed definition, saying it helped to clarify that super was meant to help fund a person's retirement as opposed to facilitating unfettered wealth accumulation.

"There has been a lot of industry debate on the proposed definition of super, but I think the government's wording achieves a satisfactory compromise," Howes said.

"This should continue to add momentum for the development of additional retirement products and services to retirees.

"The real issue for the industry is the fundamental change of emphasis that is needed from the accumulation phase to retirement incomes."

According to IOOF senior technical services manager Pam Roberts, while the effect of having a legislative objective for super was not yet apparent, existing reforms proposed by the Turnbull government have taken this objective into account.

"The Financial Systems Inquiry [of 2013] recommended that the objective of the super system should be enshrined in law, and that this should guide future legislation impacting super," Roberts said.

"For example, removing the employment tests from super supports the concept that super tax concessions are not an employment linked benefit.

"Specifically, the government has said that its purpose is not to allow for tax minimisation or estate planning."

ASFA interim chief executive Jim Minto said the legislated objective for the super system was "enormously important" but argued that the objective should be one that amounts to adequate retirement outcomes for all Australians.