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Reform passage heralds new era for super

The federal government has achieved bipartisan support for the bulk of its reforms to superannuation, following the passing of its Treasury Laws Amendment (Fair and Sustainable Superannuation) Bill through both houses of Parliament yesterday.

The passing of the bill would see the bulk of the coalition's proposed changes to super tax concessions become law, including a \$1.6 million cap on pension transfer balances, the reduction of the high-income super tax threshold to \$250,000, a new \$25,000 cap on annual concessional contributions and a reduction in non-concessional contributions to \$100,000 a year.

In addition, the bill removed anti-detriment provisions within super, reintroduced the low-income tax offset, opened up deductions for personal contributions to all workers and enabled catch-up contributions for those who had taken time out from the workforce.

Speaking to financialobserver, IOOF technical services manager Josh Rundmann said while the bills would not be technically final until they were given royal assent, their passage through Parliament gave advisers and institutions a strong degree of certainty around how to proceed.

"The changes have been discussed since May, but a lot of the detail has only come out in the last month, and when they hit Parliament on 9 November we actually saw what the intention from a legislative standpoint was going to be," Rundmann said.

"It has been a short time to go through more than 500 pages of parliamentary material, but now that the bills have been passed we will pick out where there have been amendments and start bringing advisers up to speed in the coming days so they can bring clients up to speed."

He said comments from the opposition, which had initially come out in favour of amendments to several key facets of the reforms, seemed to indicate it would now accept the government's changes and not push for further changes to super over the life of the current parliament.

However, opposition treasury spokesman Chris Bowen said the government's rejection of Labor's proposed amendments was fiscally reckless and ensured the system would remain inequitable.

"It's extraordinary that the Treasurer would ignore proposals to see additional improvements to the budget bottom line given the pressures on Australia's triple-A credit rating," Bowen said.

"The Treasurer today chose to create new super tax concessions that largely benefit high-income earners over enacting further measures to deliver more budget savings."

The government's only super reform bill yet to pass Parliament is the Superannuation (Objective) Bill, which deals with the definition of super's purpose and is with the Senate Economics Legislation Committee for review until February 2017.