



Media Release

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FEDERAL BUDGET CHANGES TO SUPERANNUATION CO-CONTRIBUTION SCHEME TO COST WESTERN AUSTRALIANS \$150 MILLION

Changes to the superannuation co-contribution system announced in today's Federal Budget could have a severe impact on the voluntary retirement savings of thousands of Western Australians, particularly women.

Fabian Ross, Head of Wealth Management at GESB, WA's largest local superannuation fund, said the reduction in the government's matched contribution under the scheme would impact an important element of retirement planning.

The government will reduce its contribution from the current maximum of \$1,500 to \$1,000 in 2009/10 and 2010/11 and to \$1,250 in 2011/12 and 2012/13.

"This program was established to support those earning less than \$60,000 a year to help build adequate retirement savings," he said.

"This group will already be impacted by the planned increase in the pension age.

"The Age Pension alone does not provide sufficient income for a 'comfortable' retirement. Research indicates that singles need around \$37,000 per annum to retire comfortably, and couples need around \$50,000. The co-contribution program could be invaluable in ensuring lower income earners have adequate savings for their retirement.

"Unfortunately, we expect the reduction in government matched funding will actually act as a disincentive for those wanting to make voluntary savings.

"According to the Federal Budget papers, we're looking at Western Australians losing out on around \$150 million in co-contributions over the next four years.

"For the 50,000 or so Western Australians who currently receive more than \$1,000 from the Government to match a \$1,000 post-tax contribution, this will cost them up to \$10,000 in retirement savings over the 25 years of their investment."

Mr Ross said this was particularly so for women, who comprise around two-thirds of co-contribution recipients.

"Women aged 25 – 64 have half the superannuation balance of males and so will be most impacted by this change.

"While there is an opportunity for people to top up their superannuation account between now and June 30th 2009 at the current co-contribution rate, we're very concerned that we'll soon see a drop-off in the number of people voluntarily adding to their superannuation to support them in retirement."

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About GESB (May 2009)

GESB manages the largest superannuation fund based in Western Australia and is a significant fund nationally, with nearly \$8bn in funds under management. It manages superannuation on behalf of 25% of Western Australia's workforce and with a 70 year track record, GESB has unrivalled experience in superannuation in Western Australia.

It is a member based organisation that manages the superannuation of current and former WA Public Sector employees and their partners.

GESB's primary purpose is to improve the long-term financial well-being of its members. The organisation offers a choice of competitive superannuation and retirement products, competitive fees and member services, and a financial advice service.

For further information visit gesb.com.au