



# Union Factsheet

**Workers' super to increase to 12%**

## Superannuation

- To ensure all workers can live comfortably and have financial security in retirement unions have been campaigning to increase super contributions.
- Unions were the key force in establishing Australia's superannuation system that achieved the guaranteed 9% super contribution.
- Despite this achievement, many workers have inadequate savings to retire comfortably. Of workers currently over 65, women only have enough savings to last 3 years, men 4 years. Overall, women have half the super of men.
- To ensure all workers can retire in dignity unions have been campaigning to increase super contributions for all workers to 12%, with a final goal of 15%.
- Unions have already won extra super contributions over the 9% for 1.8 million workers through collective bargaining.
- Now under changes announced by the Rudd Government, super will increase nationally to a guaranteed minimum of 12%.
- For an average worker now aged 30, this will mean an extra \$100,000 in their retirement. For a worker with an interrupted working life, it's an extra \$80,000.
- The Rudd Government's tax concessions announced for low income workers could also mean an extra \$40,000 in retirement.
- Fees and commissions on superannuation can cost workers at least \$50,000 over their lifetime, and unions and industry funds have been campaigning to have them banned.

**All workers deserve dignity in retirement**

## Unions and Super

Every worker has a right to a comfortable and financially secure retirement – this is a core principle for Australian unions.

Superannuation, along with a fair public pension system and private savings, are critical to achieving this. That's why unions fought for a superannuation system that delivered entitlements for all Australian workers.

Unions began the campaign more than 30 years ago, when most Australians had no superannuation at all. We created Industry Superannuation Funds to ensure that all profits from investment were paid to fund members and that superannuation was portable between jobs.

The first national claim for super was in 1986. Within five years nearly 80% of the workforce had superannuation. In 1992 unions worked with the Labor government to introduce universal superannuation. It started at 3% and it built to 9% by 2002.

With research showing 9% super is not enough for many workers to have financial security in retirement, unions have continued to campaign to improve superannuation. Through union collective bargaining, 23% of the workforce have now achieved superannuation that is above the minimum 9% contribution.

## Increase in the Superannuation Guarantee from 9% to 12%

The Rudd Government has announced a package to improve your super savings.

The centrepiece is a staged increase in the Superannuation Guarantee (compulsory employer contributions) from 9% to 12% of your wages. Starting in July 2013, the rate will rise in steps of 0.25% and 0.5% per year until it reaches 12%.

**12% super means up to \$100 000 more in retirement**

The increase will benefit 8.4 million Australian workers and their families by significantly improving retirement incomes. This increase will deliver real improvements to retirement incomes with \$100,000 more in retirement for a worker now aged 30 on average earnings.

## Extra Superannuation for low income workers

**Extra \$500 a year for low income earners**

At present, low income earners receive no tax break on their compulsory contributions to superannuation, unlike those on higher incomes who get a tax advantage. Under this unfair system, some low income earners pay more tax on their super contributions than on their wages.

Consistent with ACTU policy, the Rudd Government has this year announced that it will provide workers on up to \$37,000 per year with an extra contribution of \$500 per year.

**More super for women**

This means that from 2012 around 3.5 million low income earners will receive around \$850 million a year in extra superannuation contributions. Around 2.1 million women will benefit from this change.

Industry Superannuation funds have calculated that this measure alone could mean \$40,000 extra superannuation over their working life for lower income earners. Coupled with the increase to 12%, a woman aged 30 today who has time out of the workforce for family responsibilities will have nearly \$80,000 more superannuation on retirement.

## Support for Older Workers

The Rudd Government's package extends super payments for workers up to 75 years old. Currently, employers do not have to pay superannuation for workers who are over 70 years old. Thirty three thousand older workers stand to benefit. The move recognises the value of older workers and provides an incentive for them to stay in the workforce

## Ban on Fees and Commissions

The Government has announced changes that will rid the superannuation industry of fees and commissions that provide massive kickbacks to financial planners and accountants at the cost of ordinary workers' retirement balance. Industry Superannuation funds have calculated that banning these arrangements could add \$50,000 to the superannuation entitlements of a worker with average earnings.

## Securing these reforms (and there is more to do)

When the Howard Liberal government was elected it stopped moves to improve super savings – nearly 15 years later, if Tony Abbott is elected, he promises to do the same.

Tony Abbott and the Liberal party have announced that it will oppose the Rudd Government reforms to super. If Tony Abbott is elected Prime Minister, all of these positive changes will be lost and millions of workers will miss out on improved super. The Liberal party is putting the interests of big business like Banks and private-profit super funds ahead of the retirements of ordinary workers.

Australian unions are proud there is now a clear path for all working Australians to receive 12% superannuation. We will continue to bargain in workplaces to lift superannuation contributions earlier than this timetable and up to our long-term goal of 15%.

We will also strive to ensure these Rudd Government policy initiatives become law, and will support further improvements to the efficiency and fairness of workers' retirement savings.

**WorkChoices**  
Whatever the name,  
never again.

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