



CONTRIBUTION REDUCTIONS SEVERELY IMPACT RETIREES

The contribution reductions announced in the Federal Budget will severely impact those in the most crucial stages of their retirement planning and reduces the ability of everyone to save adequately for retirement, according to Vicki Macdermid, partner in charge of superannuation at Pitcher Partners.

Ms Macdermid said she is concerned about the long-term impact of these changes.

“People have at most ten years to actively save for retirement. In practice, this system will mean in a best case scenario people will be retiring with not much more than \$250,000 in retirement savings. At these levels everyone moving through the system will qualify for the age pension.

“Superannuation is about saving for retirement to limit the costs of paying pension in the future. These changes do the opposite.

“I strongly question the stated tax savings. What this will do is lead to more aggressive investments and tax minimisation strategies. This is not a sensible way forward.

“The compliance costs of this measure will be in the tens of millions and will ultimately be borne by all fund members,” Ms Macdermid said.

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