

# IPA MEDIA RELEASE

Institute of Public Affairs | Australia's leading free market think tank

12 September 2016

## **SUPERANNUATION CHANGES WILL CONDEMN MIDDLE CLASS TO THE PENSION**

The Turnbull Government's proposed superannuation changes will condemn middle-income Australians to the Age Pension, according to a research paper released today by free market think tank the Institute of Public Affairs.

The paper, *Strangling the Goose with the Golden Egg – Why We Need to Cut Superannuation Taxes on Middle Australia*, which was written by Rebecca Weisser in collaboration with Henry Ergas, highlights how the government's desperation for new sources of revenue to fund its spending habits is undermining the integrity of Australia's retirement incomes system.

"Currently, middle class Australians can only expect income in retirement equal to 58% of their pre-retirement earnings, compared to nearly 90% for low income earners," said Mr Simon Breheny, Director of Policy at the Institute of Public Affairs.

"The poor have the pension, the rich have alternative investments and the middle class will miss out again. The objective of the superannuation system should be for people to maintain their living standards in retirement, not imply that they should be grateful to be tied to the Age Pension," Mr Breheny said.

The paper's recommendations include moving to abolish taxes on contributions and earnings and instead taxing end-benefits in retirement at an individual's marginal income tax rate, prioritising the reduction of fees and charges, and facilitating the purchase of private, defined benefit pensions for those who wish to purchase them.

"The compulsory superannuation guarantee will not help, given that the proportion of retirees on a full or part pension will remain at around 80 per cent over the next three decades according to the recent National Commission of Audit," said Brett Hogan, Director of Research at the Institute of Public Affairs.

"Instead of citing 'fairness' to criticise people who attempt to provide for themselves, policy makers should acknowledge that private funds put aside for retirement represent deferred consumption, so flat and low superannuation taxes on contributions and earnings for everyone is actually good public policy," Mr Hogan said.

A copy of *Strangling the Goose with the Golden Egg* is available [here](#).

**For media and comment: Simon Breheny, Director of Policy, Institute of Public Affairs, on 0400 967 382, or at [sbreheny@ipa.org.au](mailto:sbreheny@ipa.org.au), or Rebecca Weisser on 0438 645 562, or Henry Ergas on 0419 239 710.**

**For media coordination, please contact Evan Mulholland, IPA Media and Communications Manager, on 0405 140 780, or at [emulholland@ipa.org.au](mailto:emulholland@ipa.org.au)**

**Institute of Public Affairs, Level 2, 410 Collins St. Melbourne  
ph: 03 9600 4744 fax: 03 9602 4989 [www.ipa.org.au](http://www.ipa.org.au)**