



# FACT SHEET

## **SUPERANNUATION — INCREASING THE SUPERANNUATION GUARANTEE RATE TO 12 PER CENT**

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### **Measure description**

This measure will significantly increase future retirement incomes for Australian workers through the gradual increase in the superannuation guarantee (SG) rate to 12 per cent.

The SG rate will be increased gradually with initial increments of 0.25 percentage points on 1 July 2013 and on 1 July 2014. Further increments of 0.5 percentage points will apply annually up to 2019-20, when the SG rate will be set at 12 per cent.

### **Rationale**

The Government's approach to superannuation will achieve two main outcomes — greater adequacy and greater equity.

The measure directly addresses issues raised by our ageing population and boosts private and national savings, bringing broader benefits to the community and nation.

- It will significantly increase the future retirement incomes for many Australian workers. For example, a 30 year old earning average full-time wages will have an additional \$108,000 in retirement savings.
- The measure builds on measures to strengthen the Age Pension which were announced in the 2009-10 Budget.

### **Key facts**

Around 8.4 million employees are expected to benefit from this measure.

The current SG contribution rate is 9 per cent.

Australia's system of compulsory superannuation savings, which has been in place since 1992, has contributed significantly to national saving. Australia's pool of superannuation savings today stands at over \$1 trillion, increasing investment potential and ensuring that reliance on foreign funds is lower than otherwise.

The Intergenerational Report 2010 underlines the challenges posed by our ageing population. The number of Australians aged over 65 is projected to grow from 3 million to 8.1 million by 2050. Over the next 40 years, the ratio of working age Australians to those aged over 65 will decrease from 5-to-1 to just 2.7-to-1.

A major challenge is to ensure an adequate retirement income for our ageing population.

The superannuation measures that the Government is introducing are projected to generate an additional \$10 billion by 2020 and \$35 billion by 2035 in private saving each year.

In aggregate, the measures are projected to add around \$500 billion to the existing pool of superannuation savings, and contribute to further increasing national savings by around 0.4 per cent of GDP by 2035.

### Indicative timeline

There will be a phased increase to 12 per cent with a three year lead time from announcement. This will allow employers to take the increased SG contributions into account when negotiating future wage settlements. Many employers will also benefit from company tax reductions, and the significant lead time will help mitigate concerns. While employers will take increases in SG contributions into account when negotiating future wage agreements, future wage increases are expected to be sufficient to ensure that overall real wages continue to grow.

#### Increasing the superannuation guarantee rate from 9 to 12 per cent

Year	Rate (%)
2013-14	9.25
2014-15	9.5
2015-16	10
2016-17	10.5
2017-18	11
2018-19	11.5
2019-20	12