

**Media release****TSA opposes capping superannuation balances**

Tax & Super Australia (**TSA**) opposes the limiting of the size of account balances in superannuation funds.

TSA Head of Superannuation Natasha Panagis said introducing a cap on superannuation balances will create more complexity and uncertainty in the system which will in turn deter individuals from planning for their retirement with confidence.

“Changing the law will undermine consumer confidence in the superannuation system. Australians must be reassured by the stability of the superannuation system from not seeing any further major changes. This will allow them to better plan their retirement strategy knowing the rules won’t change over the short or long term.”

TSA Board Member and Chair of the Superannuation Technical and Policy Committee, Phil Broderick, says larger balances represent a small cohort of individuals. “This small cohort of large account balances are the exception rather than the norm. They exist due to the superannuation policies that were around in the past. Changing the law and applying the change on a retrospective basis will penalise individuals who adhered to the rules that existed at the time.”

The issue of extremely large superannuation balances will not continue into the future as a result of the 1 July 2017 changes which placed further limits on contributions. Further, the limit on amounts that can be held in the tax-free retirement phase has helped reduce the number of large balances that exist.

“Most individuals with large balances are held by older Australians and considering death benefits must be compulsorily cashed out of the system, it is only a matter of time before large balances will eventually leave the superannuation system,” says Broderick.

“All superannuation account holders have access to the same tax concessions, regardless of their account balance. Just because one person receives a higher tax concession relative to another due to having a higher balance does not make it unfair or an inequitable policy. Changing the rules due to a small cohort of individuals will only create further complexity and uncertainty, causing individuals to second guess whether they should put money into their superannuation,” says Panagis.

Panagis notes that the proposal to impose a cap on superannuation balances conflicts with the previous statements by the then Shadow Treasurer, Dr Jim Chalmers, that “Labor will not introduce any new superannuation taxes or balance caps if it forms Government after the upcoming Federal election.”

The government has indicated it will consult with the community to reach an agreed objective for superannuation. TSA looks forward to working with the government on this process and is open to having a conversation about the tax arrangements for superannuation balances.



### **About Tax & Super Australia**

TSA is a not-for-profit member organisation that has assisted tax, superannuation and financial services professionals for over 100 years. With a membership and subscriber base of over 15,000 practitioners, TSA is at the forefront of educating and advocating on behalf of independent tax, superannuation and financial services professionals.

### **Media contact**

Natasha Panagis  
Head of Superannuation  
Phone: (03) 8851 4535  
Email: [n.panagis@taxandsuperaustralia.com.au](mailto:n.panagis@taxandsuperaustralia.com.au)