SUBMISSION TO THE SENATE INQUIRY INTO ECONOMIC SECURITY FOR WOMEN IN RETIREMENT

FEBRUARY 2016

ANZ

Contents

All modelling in this submission has been commissioned by ANZ and undertaken by Rice Warner. Modelling demonstrates the potential impacts of particular policy changes on an individual's retirement savings. The opinions presented in this document are those of ANZ.

Additional modelling notes from Rice Warner can be found in the Appendix to this document.

INTRODUCTION

ANZ is committed to the advancement of gender equality.

In July 2015, ANZ commissioned and released a report titled *Barriers to achieving financial gender equity* that looks at the financial lifecycle of Australians, noting the disparity between the male and female experience. The report acknowledges that government policy and guidance from independent agencies has made a real difference to equal opportunities for women; however, to achieve true financial gender equity, more needs to be done.

The report shone a light on systems that need to change if women and men are to have equal opportunities to succeed.

It also revealed that the gender pay gap is a key driver of the shortfall in superannuation savings for women.

Knowing this, and knowing that it will take some time to resolve the issue of pay inequity, ANZ began to identify systems we could change or influence today, and started in the areas of superannuation, advice and financial education. We undertook the following measures:

- Paying superannuation contributions for all staff who take up to two years' parental leave. This one measure is worth up to $100,000 in retirement for an average 30 year-old female worker.
- Paying female staff an extra $500 per annum in superannuation contributions
- Making a $4,000 lump sum payment to any new mother, to assist with child care costs
- Offering free superannuation advice to all Australian customers who have less than $50,000 in their superannuation accounts
- Access to specialist financial planners over extended hours to accommodate working mothers.

These are just some steps we've taken to help improve the lives of women. But, to make an impact, everyone needs to play a part: individuals, employers, and government.

It is critical that our business, community and government leaders begin to think differently, innovate and agitate for change so that we shift the status quo and address the inequities that continue to hold many women back.

In October 2015, I was pleased to be able to give evidence to the Senate Inquiry into the Economic Security for Women in Retirement.

This submission provides further analysis to that evidence, focusing in particular on reducing the $92,000 superannuation gender gap.

Women are forecast to significantly outlive their super savings at every decade of life, with female Baby Boomers potentially outliving their savings by 16 years – which means they will rely on the Age Pension alone.

It is imperative that we focus on making the superannuation system more relevant to women's lives if we are going to improve their financial security and reduce the number of years that future generations will rely solely on the Age Pension.

We are mindful that the Government has embarked on a separate review of the tax system, which will offer further opportunities to improve the retirement income system. This submission therefore does not provide tax policy recommendations.

ANZ will continue to be an advocate for simpler, more equitable systems that offer women and men equal opportunities to succeed, and we welcome the opportunity to work with the Government and its agencies toward that goal.

EXECUTIVE SUMMARY

THE PROBLEM

1. In July 2015, ANZ released a report titled *Barriers to achieving financial gender equity*, which highlights systems that have held women back from achieving professional and financial equality.

2. The report draws on local and international research and finds that in Australia, full-time working women earn on average $295 per week less than men, or $15,000 a year. Extended over a typical 45-year career, the pay gap between genders is about $700,000.

3. The report also shows that 90 per cent of women retire with inadequate savings. Contributing factors include:

   - employment choices and pay rates
   - salary levels and pay gaps
   - the impact of career breaks for family responsibilities
   - the burden of unpaid work
   - the relative absence of female leaders in society
   - the Australian retirement savings system

4. Highlights from the report include salient Australian statistics for women and men across different life stages:

   Education

   - Women outnumber men in higher education: 42% of women aged 25-29 hold a university degree, compared to 31% of men

   Employment and earning potential

   - Women make up only 35% of the full-time work force, but 70% of the part-time work force
   - The workforce participation rate for women is 59%, compared to 71% for men
   - Women earn an average of 18.8% less than men (based on fulltime average weekly earnings)
   - Women earn less than men in most industries in Australia

   Career breaks and unpaid work

   - 84% of women with a child under two years of age work part-time
   - 49% of mothers report experiencing discrimination in the workplace at some point during pregnancy, parental leave or on return to work
   - 15% of women return to work for financial reasons
   - women returning to work after 12 months' parental leave are subject to an average 7% wage penalty (known as the 'motherhood penalty'), increasing to 12% over the subsequent year
   - women spend almost twice as much time on unpaid work (that is, caring and other responsibilities outside of the paid workforce) than men

   Leadership

   - Women account for 20.4% of ASX 200 boards
   - Women represent 31% of all federal, state and territory parliamentarians
   - Women retire, on average, with about half as much superannuation as men
   - 37% of women report having no personal income at the age of retirement
   - About 90 per cent of women will retire with inadequate savings to fund a comfortable lifestyle in retirement
   - One in five women yet to retire has no superannuation

THE SOLUTION

5. *Barriers to achieving financial gender equity* sets out the current environment from which we can measure progress towards equality in retirement savings.

6. It suggests that the most important thing we can do is to make a start by addressing systems that were not designed for both women and men to succeed equally.

7. The Inquiry into the Economic Security for Women in Retirement is an opportunity to review the retirement savings system and identify how it can be improved to achieve gender parity.

8. This submission identifies **seven priority areas for reform**, and comments on the likely impact of industry competition on the level of management fees. It sets out the impacts these policy changes would have on retirement superannuation balances for women across their different life stages.

KEY RECOMMENDATIONS

i. Introduce joint superannuation accounts

ii. Extend the Low Income Superannuation Contribution past 2017

iii. Give all employees the right to salary sacrifice into superannuation

iv. Remove the $450 monthly earnings threshold for superannuation guarantee contributions

v. Amend the Sex Discrimination Act *(1984)* to allow employers to pay additional superannuation contributions to female employees

vi. Introduce superannuation contributions to government paid parental leave schemes and make superannuation contributions mandatory for parental leave in large companies

vii. Accelerate the Superannuation Guarantee increase to 12%

9. We believe any reform to the retirement saving system should be supported by a public awareness campaign. Communicating the benefits of saving via superannuation, promoting financial literacy and raising consumer awareness of, and engagement with, one's financial future are critical to meeting the needs of Australians – especially women – as they plan for an ever-longer retirement.

IMPACTS OF POLICY RECOMMENDATIONS

Combined impacts

10. The seven priority areas for reform in this submission are targeted to 7.5 million working-age women and 1.3 million low income earners, the majority of whom are women.

11. Collectively, these recommendations would narrow the $92,000 superannuation gender gap by 18% to about $75,000 by the time current workforce entrants retire.

12. These measures would help reduce the number of Australians on the Age Pension from 74% to 40% and save the Government $75 billion per year by 2085.

Individual impacts

13. Table 1 shows a summary of the individual policy impacts on female retirement savings.

TABLE 1: CHANGE IN EXPECTED RETIREMENT BALANCE OF POLICIES RELATIVE TO NO CHANGE

	Measure	Boomer	Gen X	Gen Y	Millennial	NewBorn
		($)				
Base Balance	**Balance at retirement**	**187,700**	**360,600**	**453,000**	**520,900**	**537,800**
Joint accounts	Additional Super at retirement	300	2,100	3,200	4,800	4,800
Salary Sacrifice		16,900	118,300	178,100	225,500	224,700
$500 p.a. female contribution		2,200	14,800	26,100	61,600	61,400
Bring forward SG increases		1,900	8,200	9,400	8,500	61,400
LISC Base	**Balance at retirement**	**90,800**	**147,200**	**202,800**	**424,900**	**438,700**
LISC in perpetuity	Additional Super at retirement	1,400	13,400	22,100	32,500	33,800
SG threshold Base	**Balance at retirement**	**0**	**0**	**0**	**0**	**0**
Remove SG Threshold	Additional Super at retirement	2,000	14,300	23,200	34,300	36,100
Parental base	**Balance at retirement**	**187,700**	**360,600**	**418,900**	**483,500**	**500,700**
SG on government leave	Additional Super at retirement	0	0	2,100	2,100	2,100
SG on Full pay 18 weeks		0	0	4,200	5,100	5,100
SG on Full pay 24 months		0	0	34,100	37,400	37,100

SUPPLEMENTARY CONTRIBUTIONS OF JUST $500 PER ANNUM FOR A 20-YEAR-OLD WOMAN EARNING AN AVERAGE SALARY WOULD MEAN AN ADDITIONAL $61,600 FOR THAT INDIVIDUAL IN RETIREMENT.

RECOMMENDATIONS AND POLICY IMPACTS

I. INTRODUCE JOINT SUPERANNUATION ACCOUNTS

1. About two-thirds of Australians are married when they retire. Many couples pool their finances, have joint bank accounts and mortgages, combined savings and income, and are joint owners of assets. Yet, when couples save for their retirement, superannuation funds require them to save individually.

2. There are a number of benefits to couples in allowing them to set up a joint superannuation account:

- **Greater flexibility, without the need to establish an SMSF**

  Until now, couples seeking to establish joint accounts have only been able to do so through a self-managed super fund (SMSF). This has possibly contributed to the growing popularity of SMSFs in the last few years. SMSF members tend to be most engaged with their super – perhaps because they have made an active decision to become a trustee. However, setting up an SMSF is not appropriate for everyone. Introducing joint superannuation accounts outside of the self-managed sector would provide Australians with many of the benefits of an SMSF without the responsibility or additional costs associated with running one.

- **One set of fees and a joint annual concessional cap limit**

  Rice Warner estimates there would be a 10% reduction in the number of accounts –several million fewer accounts in total – if couples exercised the joint option. Fewer accounts means less is paid in account fees.

  When it comes to contributions caps, joint accounts would offer more flexibility, especially in the event one partner were to interrupt his or her career. Currently, the facility allowing members to split their contributions and allocate a portion to a spouse is an administrative burden and adds little value to the system. Joint accounts would remove this burden.

- **Opportunities for increased member engagement**

  Joint accounts would allow couples to plan, set up and interact with their super together, possibly leading to greater member engagement with superannuation funds.

  There are clear advantages to encouraging members to take an active interest in their super and in their retirement savings. Greater engagement means women are more likely to plan for their retirement, make voluntary contributions, consolidate accounts and save on multiple fees – and consider life insurance and investment strategies that are appropriate for their circumstances.

- **Insurance coverage appropriate to a couple's needs**

  People with multiple superannuation accounts may currently be paying for default life insurance cover in each of these funds when they may only need to be covered by a single insurance policy. Premiums for multiple life insurance policies paid from superannuation accounts erode retirement savings. If couples can be more engaged with their super and reduce the number of superannuation accounts by opening a joint account, this could provide an opportunity to rationalise life insurance cover such that it is appropriate to a couple's needs, while reducing premium drawdowns from superannuation accounts. It would allow insurers and super funds to consider more innovative insurance solutions that would cater specifically to the needs of couples, and their families.

- **More equitable financial outcomes in the event of divorce**

  According to the ANZ Women's Report , only one in six divorcees consider their partner's superannuation in a settlement, although superannuation is typically the second biggest asset held after the family home. With Australians most likely to divorce in their early to mid-forties, there is a considerable amount of superannuation involved: for example, the report states that the average superannuation balance for a 45-year-old man is $128,000 (this compares to $42,000 for women at their average age at divorce of 42). Joint accounts would be more equitable for women in the event of divorce, because they would be automatically considered in the division of assets.

POLICY IMPACTS

Model assumptions

3. The variation to the standard assumptions for joint accounts cameos is to assume the couple will make a saving of a single dollar based administration fee of $70 per annum for the remaining term of the projection.

4. We project that for millennials and Australians born today this policy will result in an additional $4,800 over the course of their career.

5. The impact of joint accounts is also expected to increase aggregate superannuation savings by $18 billion in 2044. This increased level of assets will increase government revenues on investment taxes by $182 million while decreasing Age Pension expenditure by $60 million[1]. The dollar benefits projected are in addition to the intangible benefits set out above.

RECOMMENDATION[1]

Introduce joint superannuation accounts so couples can better plan for their retirement

When implementing joint accounts, consideration should be given to the following:

- **Flexibility of contribution caps.** The cap for couples could be higher, allowing the couple to better manage their superannuation contributions within the joint cap. This could operate as a retirement saving smoothing mechanism, allowing one partner to contribute more to the account in the event the other partner interrupts their career.
- **Rules around benefits subject to whether conditions of release have been met.** Joint superannuation accounts will bring complexities around accounting for benefits withdrawals. If benefits are withdrawn before conditions of release are met, a higher tax rate could apply to both members. When one spouse is ready to retire, an appropriate proportion of the super balance can be transferred to, say, a possible account based pension 'joint' account, that can be set up to receive the rest of the super balance when the other spouse is also already to retire. Accordingly, rules relating to transition to retirement would also need to be considered, should one partner reach retirement while the other still has a period of time left in their working life.

II. EXTEND THE LOW INCOME SUPERANNUATION CONTRIBUTION PAST 2017

6. The Low Income Superannuation Contribution (LISC) is a government superannuation contribution of up to $500 to help low-income earners save for retirement. The policy currently applies to people who earn $37,000 or less a year to help restore the superannuation contributions tax that is deducted. The LISC was due to be funded by the revenue expected from the Mineral Resource Rent Tax (MRRT); however, the repeal of the MRRT means the LISC is being phased out and payments will cease following the 2016/2017 financial year.

7. Without the LISC, the concessional treatment of super would disproportionately benefit wealthier Australians.

8. Women form the majority of low income earners[2] and will be adversely affected by the loss of LISC. For this reason, retention of the LISC is likely to have a positive effect on women.

9. We understand the Government will revisit incentives in superannuation for low income earners once the Budget is back in surplus and after the completion of the Government's White Paper on reform of the Australia's Tax System, which provides a longer-term considered approach to tax reform.

[1] ANZ, ANZ Women's Report Barriers to Achieving Financial Gender Equity, p73
[2] ANZ, ANZ Women's Report Barriers to Achieving Financial Gender Equity, pages 29-30.

POLICY IMPACTS

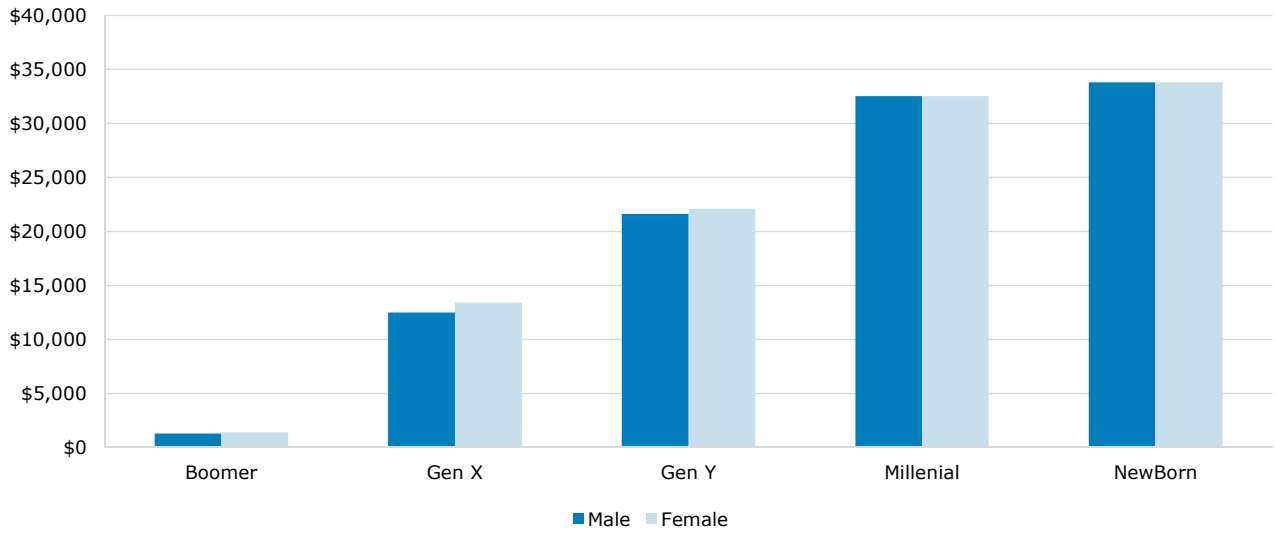
Model assumptions

9. As noted, the LISC only impacts those who are earning less than $37,000 per year, offsetting the tax paid on contributions. Our specific base case for this scenario incorporates this upper threshold, with the member earning $30,000 per annum and starting with a superannuation balance half the size of the original base case. In this case we are also modelling a secondary earner and have assumed that this income will continue for the entirety of the member's working life and not be affected by promotional raises.

LISC for entire future career

10. Not phasing out the LISC will have a significant positive impact on the retirement outcomes of Australians on low incomes. For a member accessing the LISC for their entire working life, we estimate that it will add $33,800 to their retirement balance and will allow for an additional two years of retirement income at the Association of Superannuation Funds of Australia (ASFA) comfortable standard for a single person.

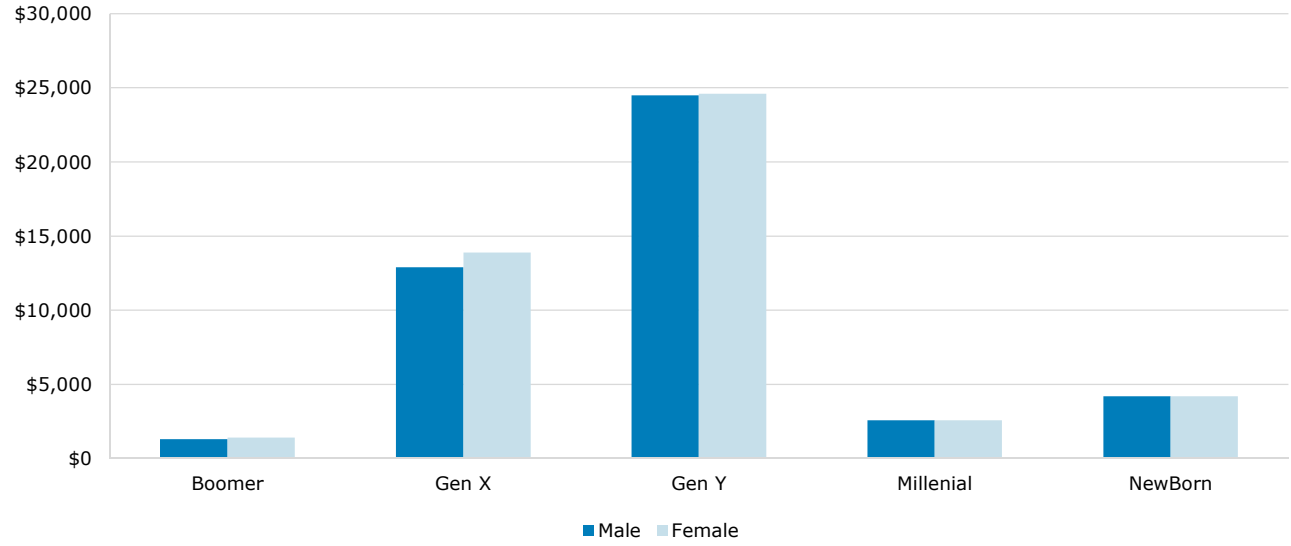
CHART 1: DOLLAR IMPACT ON RETIREMENT BALANCE OF EXTENDING THE LISC – NO PROMOTIONAL INCREASES



LISC with promotional increases

11. Many recipients of the LISC are unlikely to maintain an income within the $37,000 threshold for their entire working life. The model allows for income increases in addition to wage inflation and accounts for the recipient's age.

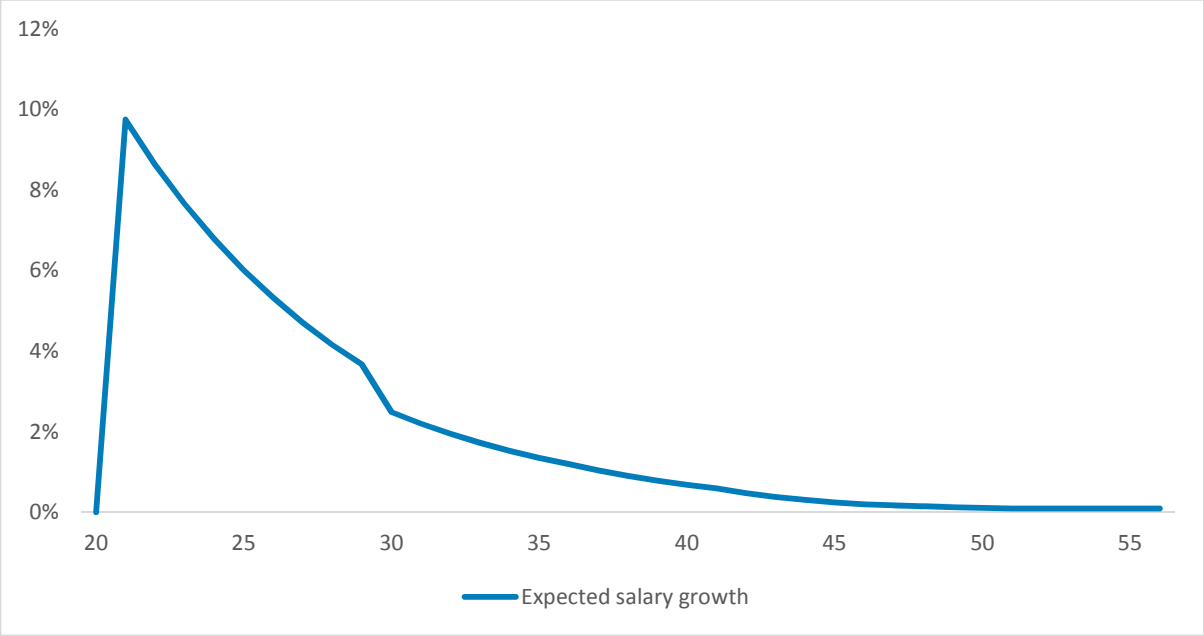
CHART 2: DOLLAR IMPACT ON RETIREMENT BALANCE OF EXTENDING THE LISC – WITH PROMOTIONAL INCREASES



12. In this case, those early in their career receive less benefit than those further along in their career, excluding those who are close to retirement. This is a result of the much higher expected wage growth in the formative years of a person's career. Past the age of 40, this promotional wage growth tapers significantly. As a result, older members receive the LISC for a much longer period of time. A 40 year-old, under these assumptions, would not be expected to ever earn more than the $37,000 threshold in real terms, whereas a 20 year-old would be expected to exceed it after just three years.

13. This analysis is useful for showing the impact of LISC on people with normal career paths.

CHART 3: EXPECTED SALARY GROWTH PER YEAR BY AGE



14. Extension of the LISC will have a $37 billion impact on long term retirement savings. The cost of extending the LISC will rise to over $1.2 billion in 2044, but approximately one-third of this will be offset by rises in taxes collected on investment earnings and a reduction in Age Pension expenditure.

15. Note that reductions in Age Pension expenditure will be modest as this policy primarily targets those on low incomes who are likely to receive a full Age Pension.

RECOMMENDATION 2

Extend the LISC past 2016/17

We understand the Federal Government has been consulting on tax reform within superannuation.

Any reform should be equitable and any savings should be re-directed into LISC or a similar measure if we want to boost superannuation for low income earners.

We note the Government has not ruled out reintroducing LISC, and has committed to revisiting the measure once the budget is back in a strong surplus and after the completion of the Government's White paper on the reform of Australia's tax system.

III. GIVE ALL EMPLOYEES THE RIGHT TO SALARY SACRIFICE INTO SUPERANNUATION

16. The ANZ Women's Report notes that, despite clear progress, the female workforce participation rate in Australia has largely plateaued in the last 10 years, and the proportion of women with paid jobs continues to be significantly lower than for men – especially for women in their child-bearing and child rearing years[3].

17. Participation rates have a clear impact on superannuation contributions. Encouraging women to increase voluntary savings will contribute to reducing the superannuation gender gap.

18. Employers in Australia are not currently required to allow employees to salary sacrifice into their superannuation funds. The Government's SuperStream reforms make voluntary contributions to superannuation less burdensome for small business.

POLICY IMPACTS

Model assumptions

19. In this example we demonstrate the value that salary sacrifice could have to retirement balances by assuming that a member would make additional contributions of 5% of their salary before tax.

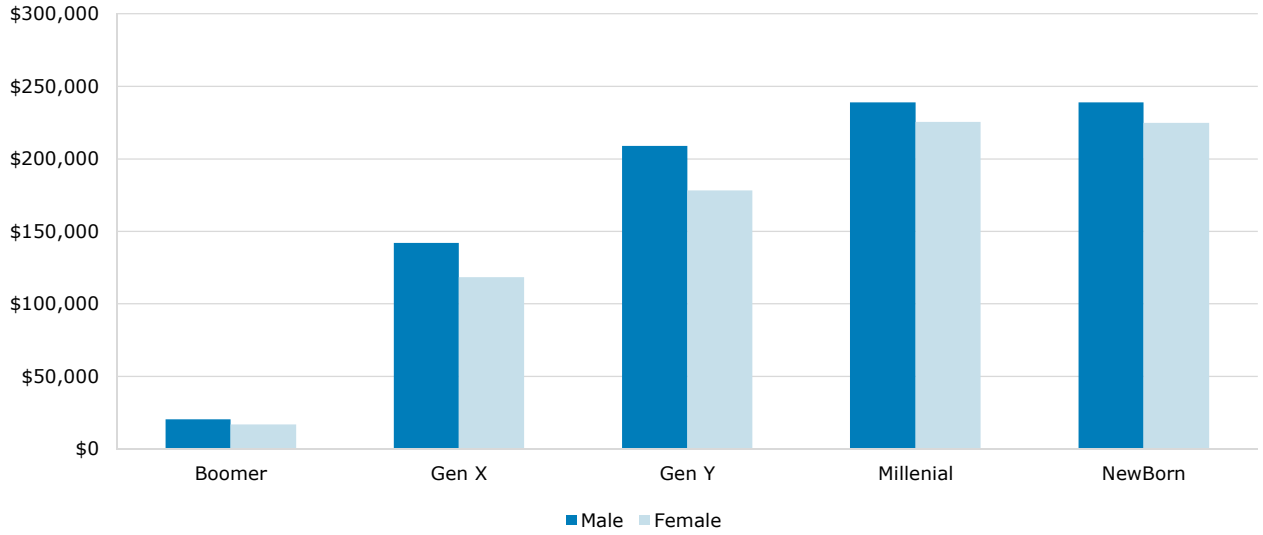
20. The impact of salary sacrificing into super on an individual's retirement balance is significant.

21. For an average 30 year-old man we expect that this will increase their superannuation balance at retirement by $208,900. For an average 30 year-old woman, we expect the impact to be $178,100.

22. The chart below illustrates the effect of an additional 5% concessional contribution over the course of a member's working life.

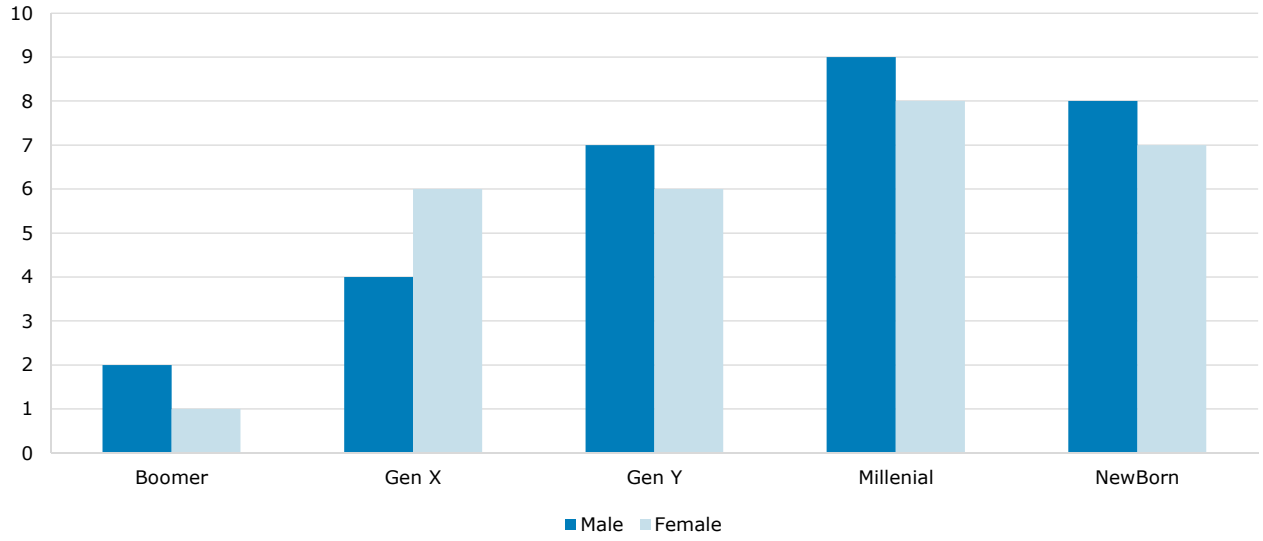
[3] ANZ, ANZ Women's Report Barriers to Achieving Financial Gender Equity, page 41.

CHART 4: DOLLAR IMPACT OF ALLOWING EMPLOYEES TO SALARY SACRIFICE 5% OF SALARY



23. More importantly, voluntary contributions translate into material improvements in the number of years that a retiree will be able to achieve their desired level of income. Using the ASFA comfortable standard of $42,861, a 30 year-old man will be able to sustain his retirement income for an additional seven years, and a 30 year-old female for six years.

CHART 5: ADDITIONAL YEARS OF RETIREMENT INCOME AT ASFA COMFORTABLE STANDARD



RECOMMENDATION 3

Give all employees the right to salary sacrifice into superannuation

Voluntary savings form one of the three pillars of Australia's retirement income system, and every effort should be made to ensure that people who are engaged with their retirement savings can easily make voluntary contributions into their super.

This is especially important for women, who often take career breaks to care for children or other family members and need to 'catch up' on super contributions at different points during their careers.

We acknowledge that salary sacrifice arrangements may not be practical for casual or contingent employment.

IV. REMOVE THE $450 MONTHLY EARNINGS THRESHOLD FOR SUPERANNUATION GUARANTEE CONTRIBUTIONS.

24. Employers are currently not required to make superannuation guarantee (SG) contributions for people who earn less than $450 per month.

25. This threshold was set in 1992 to minimise administrative burden for employers and has never been indexed. With the introduction of economic commerce, particularly SuperStream, this threshold is no longer required and should be abolished.

26. Removing the threshold would have a positive impact on the account balances of very low income workers (the majority of whom are women) and female workers who are more likely to engage in part-time/casual work during child bearing and raising years.

27. It would also allow younger members to begin or continue accumulating retirement savings during periods in which their incomes are depressed.

POLICY IMPACTS

Model assumptions

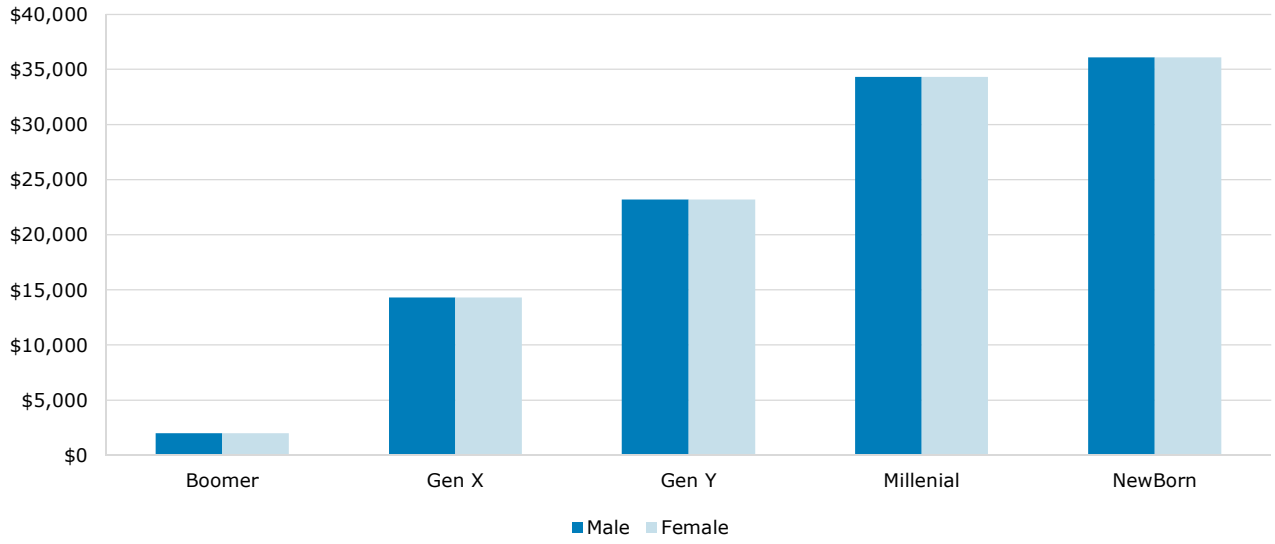
28. Superannuation Guarantee (SG) contributions are only compulsory for those individuals whose earnings are more than $450 per month, or $5,400 per year. In order to measure the impact of removing this lower threshold, the base case has been given a $0 starting superannuation balance and annual income of $5,000. This income is not affected by promotional raises given the nature of employment and is sustained for the entirety of the member's working life.

No promotional increases

29. To demonstrate the impact of removing the SG minimum threshold for contributions, we have created a new base case for those who are earning less than $450 per month. We have used the example of a part time worker who will earn $5,000 (inflation adjusted) per year over their working life.

30. People who will be affected by removing the SG threshold will not be able to fund their own retirement. Currently, without voluntary contributions into a superannuation account, a member earning less than $5,000 a year would not accumulate any money. We expect that the impact for a member earning this amount of money for their entire working life to be approximately $36,000. It should be noted that this is not enough to impact the number of years for which they will be dependent on the Age Pension.

CHART 6: DOLLAR IMPACT OF REMOVING THE MINIMUM THRESHOLD FOR SUPERANNUATION CONTRIBUTIONS

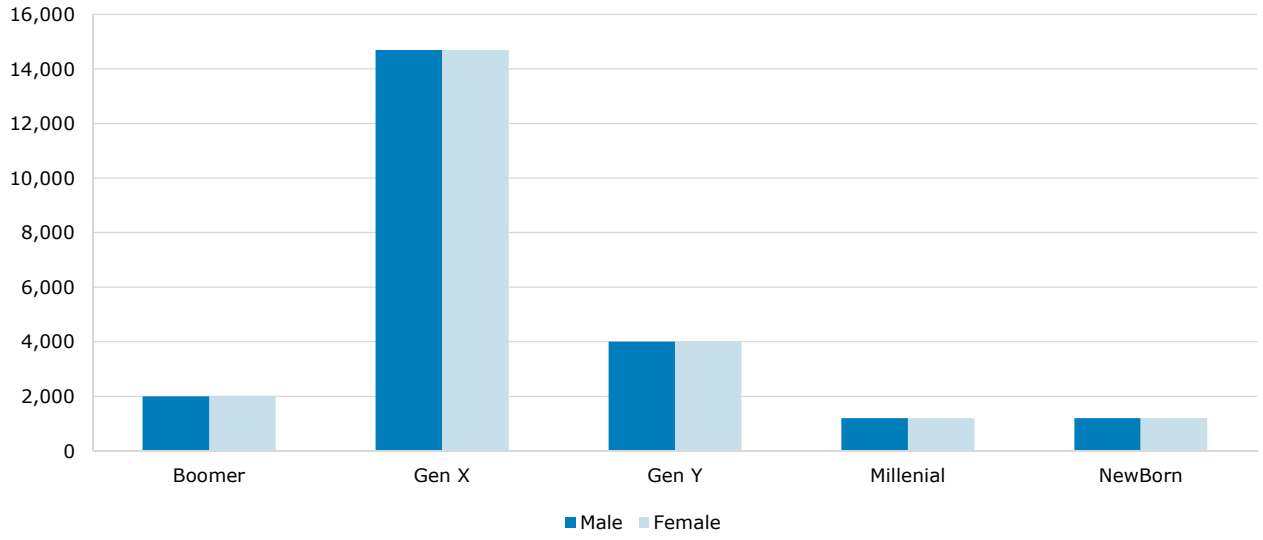


With promotional raises

31. Similarly to the LISC, we do not expect all recipients to maintain an income under the $5,400 threshold for SG contributions. We have enabled promotional raises in this scenario which are dependent on the age of the recipient and created a new base case to reflect this assumption.

32. When promotional raises are included, once again, the benefits are marginal to younger recipients as the comparatively larger promotional raises experienced early in life propel their earnings above the threshold, while older recipients, receiving much smaller promotional raises, manage to remain below the threshold for a longer period of time. As a result, a millennial or newborn's retirement balance will be improved by just $1,200 while a Gen X will receive $14,700.

CHART 7: DOLLAR IMPACT OF REMOVING THE MINIMUM THRESHOLD FOR SUPERANNUATION CONTRIBUTIONS WITH PROMOTIONAL RAISES



33. Removing the SG minimum threshold is expected to increase superannuation assets by $2.7 billion in 2044, along with a small increase in superannuation taxes collected. There is no impact on the Age Pension as this measure will primarily target the lowest paid income earners.

RECOMMENDATION 4

Remove the superannuation guarantee contributions threshold

For every dollar earned, super contributions should be made.

Removing the SG $450 threshold will have a positive impact on the account balances of very low income workers (the majority of whom are women) and female workers who are more likely to engage in part-time/casual work during child bearing and raising years.

V. AMEND THE SEX DISCRIMINATION ACT *(1984)* TO ALLOW EMPLOYERS TO PAY ADDITIONAL SUPERANNUATION CONTRIBUTIONS TO FEMALE EMPLOYEES

34. The Federal Sex Discrimination Act *(1984)* and the anti-discrimination legislation in all states and territories – except New South Wales – contain exceptions for 'special measures' that redress past imbalances.

35. In July 2015 ANZ began a program to pay additional super contributions of $500 p.a. for its female staff.

36. In pursuing this program in New South Wales (where anti-discrimination legislation does not contain the 'special measures' exception) ANZ needed to apply for a specific exemption, which was granted.

37. ANZ's program was deemed to be a 'special measure' and not unlawful in the other jurisdictions.

38. The absence of the express exemption in current NSW legislation, or the lack of clarity in relation to the 'special measures' provisions applying in the other jurisdictions, may deter other employers from proceeding with similar programs aimed at closing the gender gap in retirement savings.

POLICY IMPACTS

Model assumptions

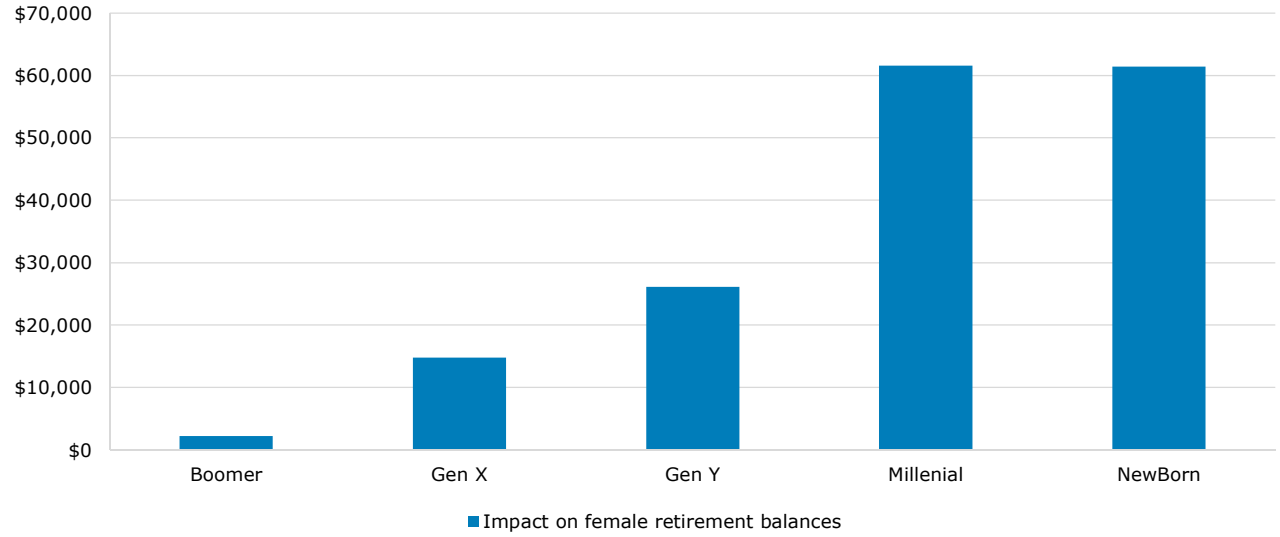
39. We have modelled the effect of ANZ's approach to improve female superannuation balances by contributing $500 per year in additional contributions for female employees.

40. The additional contributions are expected to have a material impact on the retirement balances of women, particularly those on lower incomes.

41. We project that for millennials this policy will result in an additional $61,600 over the course of their career, and for Gen Y, an increase of $26,100. A woman in Gen X can expect an increase of $14,800 by the time she retires.

42. This translates into an improvement for the length of time that these balances can sustain retirement income at ASFA comfortable levels. We expect that Millenials and Newborns will be able to support an additional two years of retirement income – closing some of the gap between men and women.

CHART 8: DOLLAR IMPACT OF AN ADDITIONAL $500 CONTRIBUTION FOR FEMALES



43. Boosting superannuation payments to women under this policy will have a $16.7 billion impact on superannuation assets in 2044, while increasing superannuation taxes collected and reducing Age Pension expenditure (assuming that 10% of employers would opt to pay these additional contributions).

RECOMMENDATION 5

Clarify sex discrimination legislation to allow for higher superannuation employer contributions for women

There should be clarity and national consistency in Australia's anti-discrimination legislation that expressly allows all employers to make higher superannuation contributions for women (but no more than is required to redress the gender imbalance in this area).An issue for consideration is whether or not such an amendment to federal legislation will give employers, who wish to pay additional superannuation to female staff, comfort that they are protected from being found to have unlawfully discriminated under any of the relevant state or territory laws.

Alternatively, we would be comfortable that the approach adopted in NSW could deliver the clarity required, as long as only one application is required for the relevant exemption to apply nationally. This will require each of the state or federal jurisdictions to recognise an exemption granted by another jurisdiction. For example, an exemption granted in NSW, should apply in Western Australia without a separate application.

VI. INTRODUCE SUPERANNUATION CONTRIBUTIONS TO GOVERNMENT PAID PARENTAL LEAVE SCHEMES AND MAKE SUPERANNUATION CONTRIBUTIONS MANDATORY FOR PARENTAL LEAVE IN LARGE COMPANIES

44. ANZ welcomes the Government's provision of paid parental leave, which will provide many women with financial support as they take time off work to care for a newborn or recently adopted child. Employers may also provide at least eight weeks of parental leave pay where certain criteria are met. However, the Government's paid parental leave scheme does not include additional superannuation contributions during the parental leave period. This is true for most employers' parental leave policies.

45. ANZ recently announced measures designed to help close the gender gap in retirement savings for its female staff. These included making additional superannuation contributions of $500 per annum for women, and paying the equivalent of SG contributions for all staff (men and women) on paid and unpaid parental leave for up to 24 months. We believe it should be mandatory for all large

employers to pay SG contributions on parental leave entitlements). We acknowledge that small and medium sized businesses need more flexibility than larger employers in closing the gender superannuation gap, but we also note that measures such as paying superannuation during parental leave could make them more attractive to female workers. One option to help small businesses adapt is to introduce mandatory SG contributions on a sliding scale based on the size of the business.

46. Paying staff superannuation contributions on parental leave will make a difference not only to a mother's retirement savings, but to the growing numbers of fathers taking up caring responsibilities who do not want a gap to open up in their own retirement savings. The 2011 census showed there were 85,000 Australian men whose primary role is raising their children.

POLICY IMPACTS

Model assumptions

47. In order to calculate the effect of paying superannuation guarantee contributions on parental leave, we calculated a new base case which incorporates a two-year career break at age 32 for both sexes, but retained the expected income and superannuation balance from the original base case. As stipulated by the Department of Human Services, the income received for parental leave is equal to the minimum wage of $657 per week and superannuation guarantee contributions are made in respect to this income.

Payments on Government parental leave

48. In order to measure the effect of paying SG contributions on income received during parental leave we have used the 18 week period stipulated by the Department of Human Services and associated payments equal to the minimum wage of $657 per week. These contributions are only paid in the first year of a two-year career break at age 32.

49. Since the SG contributions are paid on the minimum wage rather than the person's earnings prior to taking parental leave, the impact is uniform across age and gender. We have assumed that those over 40 years of age will not take up these SG contributions; for the remainder, the impact is an increase in retirement savings of $2,100.

50. While this is not enough to impact the level or sustainability of income during retirement, we would argue that the policy should be adopted based on the principle that employers should help their employees maximize superannuation contributions over the course of their working lives.

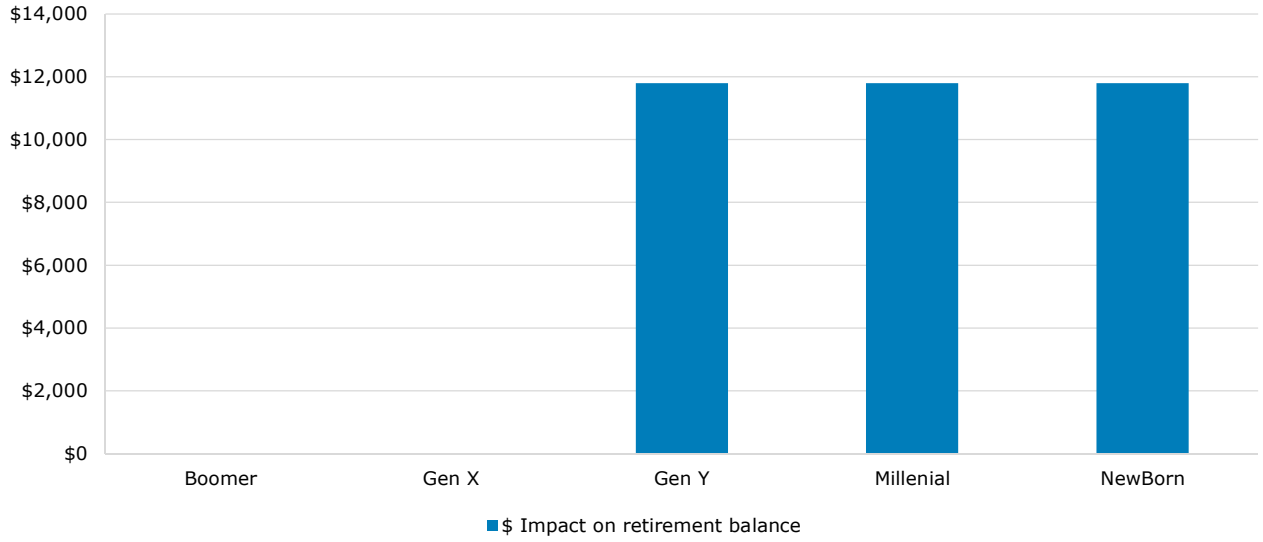
Extension of parental leave payments for 24 months

51. For this scenario, we have extended the 18 week period of payments at the minimum wage to 24 months and included the payment of SG contributions on the member's salary. These payments are made over the full two-year career break at age 32.

52. The impact is uniform across the ages which are affected by it. This is similar to Superannuation Contributions on parental leave, since the payments are made on the minimum wage, rather than prior earnings. We expect that those who will claim these payments will receive approximately $37,000.

53. Again, while this impact is not significant enough to materially reduce dependence on the Age Pension, the policy should be adopted on the principle of maximizing a member's superannuation contributions throughout their working life.

CHART 9: DOLLAR IMPACT OF SG CONTRIBUTIONS PAID ON PARENTAL LEAVE FOR 24 MONTHS



RECOMMENDATION 6

Add superannuation guarantee contributions to government paid parental leave schemes, and require large employers to do the same

By adopting this measure, the Government would demonstrate to employers how employees can be supported to maximize their superannuation contributions over the course of their working lives.

Requiring large employers to pay superannuation contributions on parental leave will make a difference to the retirement savings of both mothers and fathers. This measure would also raise community awareness around the gender gap in retirement savings and contribute to household dialogue around better retirement planning.

VII. ACCELERATE THE SUPERANNUATION GUARANTEE INCREASE TO 12%

54. Contributing more money into superannuation will not close the gender gap in retirement savings in isolation. However, having men and women save more money via superannuation will boost overall retirement savings and ultimately reduce the savings shortfall in Australia.

55. ANZ welcomes Government's commitment to raising the SG to 12%. In 2014 the Government delayed increases in the SG to assist with the Budget position over the next decade. The delay will impact longer-term retirement savings.

56. The SG rate is currently scheduled to remain at 9.5% and then incrementally increase by 0.5% per year, commencing on 1 July 2021, until it reaches 12.0% on 1 July 2025.

57. Bringing forward the commencement of this increase to 1 July 2016, the SG would reach 12% in 2020, five years earlier. This would boost superannuation assets by extra $93.1 billion and save $467 million in Age Pension expenditure in the year 2044 alone.

58. For each year that this policy is delayed, the impact would reduce by approximately 25%.

RECOMMENDATION 7

Commence the increase in the SG rate by 0.5% in 2016

The purpose of compulsory superannuation is to help provide for adequate incomes in retirement and to preserve the Age Pension for those who need it. Bringing forward the commencement of this increase to 1 July 2016, the SG would reach 12% in 2020, five years earlier. This would boost superannuation assets by extra $93.1 billion and save $467 million in Age Pension expenditure in the year 2044 alone.

GRADUALLY REDUCE MANAGEMENT FEES OVER 10 YEARS

59. Like accelerating the SG increase above, reducing management fees will work towards reducing the overall retirement savings shortfall in Australia, rather than reducing the gender gap in isolation.

60. The MySuper reforms provide for simple and cost-effective default superannuation products. Competition in the industry will lead to a reduction in management fees for superannuation products over time.

61. For example, a gradual decrease in fees so that 25% of people only pay $50 pa and 0.50% of management fees in ten years is expected to result in a $38.7 billion increase in superannuation assets and a reduction in age pension expenditure of $247 million.

APPENDIX – ASSUMPTIONS AND METHODOLOGY

ANZ engaged Rice Warner to conduct both individual ('cameo') and aggregate modelling to measure the impact of the following policies in order to demonstrate the potential impact on an individual's retirement savings:

- introducing joint superannuation accounts
- extending the LISC past 2017
- giving all employees the right to salary sacrifice into superannuation
- removing the superannuation guarantee contributions threshold
- amending the Sex Discrimination Act *(1984)* to allow employers to pay additional superannuation contributions to female employees
- having the government pay superannuation contributions on its parental leave scheme and encouraging large employers to do the same for their employees.

All assumptions and modelling in this submission are attributed to Rice Warner.

CAMEO MODELLING

In order to assess the impacts of policy changes on the retirement savings of women, Rice Warner has modelled each of the proposed changes over five different life stages. These life stages are:

- Baby boomers and those close to retirement, around 60 years of age
- Generation X or those around 40 years of age
- Generation Y or those around 30 years of age
- Millennials or those around 20 years of age
- Newborns

Results are also split by gender.

The base case scenario has been generated using the expected incomes of an average member at each of the ages using ABS data, and the expected superannuation balance has been estimated using both the Rice Warner Superannuation Market Projections Report 2014 and ABS data. Mortality and life expectancy have been calculated according to the Australian Life Tables 2010-2012 from the Australian Government Actuaries, taking into account the 25 year mortality improvement factors. The ASFA comfortable standard has been used for all cameos as the expected retirement income. However, certain scenarios have required the crafting of individual base cases to provide an effective comparison.

General Model Assumptions

The core assumptions that are used for forward projecting member balances to retirement in the cameo model are as follows:

Economic:

- 7.5% p.a. gross return on the accumulation of assets
- 4.0% p.a. increase in salaries
- 4.0% p.a. general price inflation increase in costs
- 0.70% expense rate, reducing to 0.65% over 15 years
- $70 administration fee
- 15.0% tax on all future employer contributions
- 6.0% investment tax on the investment roll up

Long-term real return net of fees, insurance, taxes and wage inflation of 1.4% using the economic assumptions above:

- This is calculated as (7.50% - 0.65% - 0.53%) x (1 - 6.00%) - 4.50%

Demographic:

- Mortality in accordance with the Australian Life Tables 2010-2012 published by the Australian Government Actuary
- Future improvement to post-retirement mortality in accordance with the 125 year improvement rates published by the Australian Government Actuary in the Australian Life Tables 2010–2012

Future contributions:

- Average current employer contribution (including salary sacrifice) of 14.0%
- 3.0% gradual increase of employer contribution from 2014 to 2025 (with consideration for a further four years delay)
- Average member contribution of 3.2%
- Retirement at age 65

AGGREGATE MODELLING

Methodology

Aggregate modelling was conducted using the ISA-Rice Warner Microsimulation Model, a group-based population retirement income model.

The population is constructed using ABS Confidentialised Unit Record File (CURF) microdata supplemented or benchmarked to:

- Rice Warner's Superannuation Market Projection Report and APRA superannuation statistics
- Rice Warner's Super Insights data utilising de-identified member record data from 9.1 million superannuation fund members spanning all APRA regulated sectors
- Australian Taxation Office taxation statistics, and SMSF statistics
- ABS population projections and life expectancy tables, with adjustments for new entrants and deaths
- Treasury Tax Expenditures Statement and long term projections of age pension expenditure in the 2015 Intergenerational Report

The model constructs quinquennial age and sex specific cohorts of singles and couples that are then divided into equal deciles ranked by income with further representative groups created to capture quantiles covering the top five percent and one percent. For each group, an average balance sheet of assets and liabilities including a stock of superannuation and non-superannuation financial assets is ascribed. Owner-occupied and investment housing equity are tracked over time.

The model utilises variable longevity by decile consistent with Clarke and Leigh. The method used increases mortality for the first income decile by 30%, and lowers the mortality for the 10th decile by 30% and linearly interpolate between. This gives a ratio of mortality between Decile one and Decile ten of 1.86 and leaves overall population mortality unchanged.

All existing legislated policy settings for personal income tax, superannuation and age pension are used in the base case business as usual (BAU). The BAU does not include changes that have been announced by Government, but not implemented. Modelling of this proposal and other policy changes is undertaken separately against the baseline scenario.

All relevant thresholds are indexed as required by legislation. One exception to this relates to personal income tax thresholds. Over the projection period personal income tax thresholds are assumed to maintain relative parity to wages – this is broadly consistent with historical ad-hoc adjustments by Governments to ensure average tax rates on personal income don't increase significantly over time.

Wages are assumed to grow 4.0% per annum and inflation 3.0% per annum. Younger cohorts experience promotional wages growth up to age 40. Age pension is indexed to male total average weekly earnings (MTAWE) which is slightly higher than average wages growth.

During working life, extra concessional and non-concessional contributions follow existing observed patterns by sex, age, and income. High income earners whose SG contribution would breach the concessional contribution cap are assumed to make the balance of their SG amount non-concessionally.

Discretionary income is assumed in the first instance pay off owner occupied housing debt then to accumulate private savings.

Nominal before tax investment returns of 7.2% per annum reflect existing long term industry averages during accumulation and drawdown.

At retirement age (the average of which is 65 in the model) individuals draw down an account based pension at the greater of minimum drawdown rates or a fraction of superannuation assets equal to (one divided by years to life expectancy). This approach was adopted because it better reflects existing behaviour and allows a small amount of capital for longevity risk or funeral or other expenses at death.

In higher income groups, the amount allows a moderate reversionary benefit to a surviving spouse or bequest. Under this approach, the residual balance at life expectancy is less than the minimum drawdown rules currently permit but not zero.

This approach differs to our understanding of existing modelling practice by Treasury, which typically assume superannuation assets are drawn down to zero by life expectancy. Using the ISA-Rice Warner model, we find that assuming superannuation assets are drawn down to zero by life expectancy increases age pension outlays by approximately 0.5% of GDP by 2055 because this assumption reduces assets in superannuation that would otherwise weigh against the age pension means test.

All outcomes are deflated to 2014-2015 dollars using the assumed CPI deflator.

Under the policy change scenarios, all of the standard assumptions apply with the following specific scenarios modelled.

DETAILED RESULTS – CAMEOS

JOINT SUPERANNUATION ACCOUNTS

Scenario	Gender	Generation	AgeNow	DesiredIncome	SuperNow	SalaryNow	LifeExpect	SuperRetire	SuperLasts	YearsPensionOnl	LSRequired	Gap
Base	M	Boomer	60	42,861	228,500	91,629	89	295,700	80	9	464,200	168,500
		Gen X	40	42,861	105,000	95,940	92	503,500	90	2	556,900	53,400
		Gen Y	30	42,861	35,000	79,908	93	551,500	91	2	589,300	37,800
		Millenial	20	42,861	1,200	38,922	93	552,300	91	2	589,700	37,400
		NewBorn	20	42,861	1,200	38,922	93	571,800	92	1	589,500	17,700
	F	Boomer	60	42,861	138,600	75,254	91	187,700	74	17	523,200	335,500
		Gen X	40	42,861	55,000	79,867	93	360,600	83	10	589,300	228,700
		Gen Y	30	42,861	22,500	68,114	94	453,000	88	6	620,700	167,700
		Millenial	20	42,861	1,200	36,613	94	520,900	90	4	620,800	99,900
		NewBorn	20	42,861	1,200	36,613	94	537,800	91	3	621,100	83,300
Joint	M	Boomer	60	42,861	228,500	91,629	89	296,000	80	9	464,200	168,200
		Gen X	40	42,861	105,000	95,940	92	505,600	90	2	556,900	51,300
		Gen Y	30	42,861	35,000	79,908	93	554,700	91	2	589,300	34,600
		Millenial	20	42,861	1,200	38,922	93	557,100	92	1	589,800	32,700
		NewBorn	20	42,861	1,200	38,922	93	576,600	92	1	590,100	13,500
	F	Boomer	60	42,861	138,600	75,254	91	188,000	74	17	523,200	335,200
		Gen X	40	42,861	55,000	79,867	93	362,700	83	10	589,200	226,500
		Gen Y	30	42,861	22,500	68,114	94	456,200	88	6	620,700	164,500
		Millenial	20	42,861	1,200	36,613	94	525,700	90	4	620,700	95,000
		NewBorn	20	42,861	1,200	36,613	94	542,600	91	3	620,800	78,200
Change	M	Boomer	60	42,861	228,500	91,629	89	300	0	0	0	-300
		Gen X	40	42,861	105,000	95,940	92	2,100	0	0	0	-2,100
		Gen Y	30	42,861	35,000	79,908	93	3,200	0	0	0	-3,200
		Millenial	20	42,861	1,200	38,922	93	4,800	1	-1	100	-4,700
		NewBorn	0	42,861	1,200	38,922	94	4,800	0	0	600	-4,200
	F	Boomer	60	42,861	138,600	75,254	91	300	0	0	0	-300
		Gen X	40	42,861	55,000	79,867	93	2,100	0	0	-100	-2,200
		Gen Y	30	42,861	22,500	68,114	94	3,200	0	0	0	-3,200
		Millenial	20	42,861	1,200	36,613	94	4,800	0	0	-100	-4,900
		NewBorn	0	42,861	1,200	36,613	95	4,800	0	0	-300	-5,100

EXTENDING LISC IN PERPETUITY

Scenario	Gender	Generation	AgeNow	DesiredIncome	SuperNow	SalaryNow	LifeExpect	SuperRetire	SuperLasts	YearsPensionOnl	LSRequired	Gap
Base	M	Boomer	60	42,861	228,500	91,629	89	295,700	80	9	464,200	168,500
		Gen X	40	42,861	105,000	95,940	92	503,500	90	2	556,900	53,400
		Gen Y	30	42,861	35,000	79,908	93	551,500	91	2	589,300	37,800
		Millenial	20	42,861	1,200	38,922	93	552,300	91	2	589,700	37,400
		NewBorn	20	42,861	1,200	38,922	93	571,800	92	1	589,500	17,700
	F	Boomer	60	42,861	138,600	75,254	91	187,700	74	17	523,200	335,500
		Gen X	40	42,861	55,000	79,867	93	360,600	83	10	589,300	228,700
		Gen Y	30	42,861	22,500	68,114	94	453,000	88	6	620,700	167,700
		Millenial	20	42,861	1,200	36,613	94	520,900	90	4	620,800	99,900
		NewBorn	20	42,861	1,200	36,613	94	537,800	91	3	621,100	83,300
Female Conts	M	Boomer	60	42,861	228,500	91,629	89	295,700	80	9	464,200	168,500
		Gen X	40	42,861	105,000	95,940	92	503,500	90	2	556,900	53,400
		Gen Y	30	42,861	35,000	79,908	93	551,500	91	2	589,300	37,800
		Millenial	20	42,861	1,200	38,922	93	552,300	91	2	589,700	37,400
		NewBorn	20	42,861	1,200	38,922	93	571,800	92	1	589,500	17,700
	F	Boomer	60	42,861	138,600	75,254	91	194,400	74	17	523,200	328,800
		Gen X	40	42,861	55,000	79,867	93	407,900	86	7	589,300	181,400
		Gen Y	30	42,861	22,500	68,114	94	524,200	90	4	620,700	96,500
		Millenial	20	42,861	1,200	36,613	94	611,100	93	1	620,800	9,700
		NewBorn	20	42,861	1,200	36,613	94	627,700	94	0	621,100	-6,600
Change	M	Boomer	60	42,861	228,500	91,629	89	0	0	0	0	0
		Gen X	40	42,861	105,000	95,940	92	0	0	0	0	0
		Gen Y	30	42,861	35,000	79,908	93	0	0	0	0	0
		Millenial	20	42,861	1,200	38,922	93	0	0	0	0	0
		NewBorn	0	42,861	1,200	38,922	94	0	0	0	0	0
	F	Boomer	60	42,861	138,600	75,254	91	6,700	0	0	0	-6,700
		Gen X	40	42,861	55,000	79,867	93	47,300	3	-3	0	-47,300
		Gen Y	30	42,861	22,500	68,114	94	71,200	2	-2	0	-71,200
		Millenial	20	42,861	1,200	36,613	94	90,200	3	-3	0	-90,200
		NewBorn	0	42,861	1,200	36,613	95	89,900	3	-3	0	-89,900

EXTENDING LISC IN PERPETUITY WITH NO PROMOTIONAL RAISES

Scenario	Gender	Generation	AgeNow	DesiredIncome	SuperNow	SalaryNow	LifeExpect	SuperRetire	SuperLasts	YearsPensionOnl	LSRequired	Gap
LISCBase	M	Boomer	60	42,861	114,250	30,000	89	141,200	71	18	464,200	323,000
		Gen X	40	42,861	52,500	30,000	92	189,500	72	20	556,800	367,300
		Gen Y	30	42,861	17,500	30,000	93	194,000	73	20	589,200	395,200
		Millenial	20	42,861	600	30,000	93	230,600	75	18	589,300	358,700
		NewBorn	20	42,861	600	30,000	93	241,200	76	17	589,300	348,100
	F	Boomer	60	42,861	69,300	30,000	91	90,800	68	23	523,200	432,400
		Gen X	40	42,861	27,500	30,000	93	144,700	70	23	589,300	444,600
		Gen Y	30	42,861	11,750	30,000	94	180,900	72	22	620,700	439,800
		Millenial	20	42,861	600	30,000	94	230,600	75	19	620,700	390,100
		NewBorn	20	42,861	600	30,000	94	241,200	76	18	620,700	379,500
LISC No promotion	M	Boomer	60	42,861	114,250	30,000	89	142,500	71	18	464,200	321,700
		Gen X	40	42,861	52,500	30,000	92	202,000	73	19	556,700	354,700
		Gen Y	30	42,861	17,500	30,000	93	215,600	74	19	589,300	373,700
		Millenial	20	42,861	600	30,000	93	263,100	77	16	589,300	326,200
		NewBorn	20	42,861	0	30,000	93	275,000	78	15	589,300	314,300
	F	Boomer	60	42,861	69,300	30,000	91	92,200	68	23	523,200	431,000
		Gen X	40	42,861	27,500	30,000	93	158,100	71	22	589,300	431,200
		Gen Y	30	42,861	11,750	30,000	94	203,000	73	21	620,800	417,800
		Millenial	20	42,861	600	30,000	94	263,100	77	17	620,800	357,700
		NewBorn	20	42,861	0	30,000	94	275,000	78	16	620,700	345,700
Change	M	Boomer	60	42,861	114,250	30,000	0	1,300	0	0	0	-1,300
		Gen X	40	42,861	52,500	30,000	0	12,500	1	-1	-100	-12,600
		Gen Y	30	42,861	17,500	30,000	0	21,600	1	-1	100	-21,500
		Millenial	20	42,861	600	30,000	0	32,500	2	-2	0	-32,500
		NewBorn	0	42,861	0	30,000	0	33,800	2	-2	0	-33,800
	F	Boomer	60	42,861	69,300	30,000	0	1,400	0	0	0	-1,400
		Gen X	40	42,861	27,500	30,000	0	13,400	1	-1	0	-13,400
		Gen Y	30	42,861	11,750	30,000	0	22,100	1	-1	100	-22,000
		Millenial	20	42,861	600	30,000	0	32,500	2	-2	100	-32,400
		NewBorn	0	42,861	0	30,000	0	33,800	2	-2	0	-33,800

GIVING ALL EMPLOYEES THE RIGHT TO SALARY SACRAFICE INTO SUPERANNUATION

Scenario	Gender	Generation	AgeNow	DesiredIncome	SuperNow	SalaryNow	LifeExpect	SuperRetire	SuperLasts	YearsPensionOnl	LSRequired	Gap
Base	M	Boomer	60	42,861	228,500	91,629	89	295,700	80	9	464,200	168,500
		Gen X	40	42,861	105,000	95,940	92	503,500	90	2	556,900	53,400
		Gen Y	30	42,861	35,000	79,908	93	551,500	91	2	589,300	37,800
		Millenial	20	42,861	1,200	38,922	93	552,300	91	2	589,700	37,400
		NewBorn	20	42,861	1,200	38,922	93	571,800	92	1	589,500	17,700
	F	Boomer	60	42,861	138,600	75,254	91	187,700	74	17	523,200	335,500
		Gen X	40	42,861	55,000	79,867	93	360,600	83	10	589,300	228,700
		Gen Y	30	42,861	22,500	68,114	94	453,000	88	6	620,700	167,700
		Millenial	20	42,861	1,200	36,613	94	520,900	90	4	620,800	99,900
		NewBorn	20	42,861	1,200	36,613	94	537,800	91	3	621,100	83,300
Salary Sacrifice	M	Boomer	60	42,861	228,500	91,629	89	316,300	82	7	464,200	147,900
		Gen X	40	42,861	105,000	95,940	92	645,600	94	-2	556,900	-88,700
		Gen Y	30	42,861	35,000	79,908	93	760,400	98	-5	589,300	-171,100
		Millenial	20	42,861	1,200	38,922	93	791,100	100	-7	589,700	-201,400
		NewBorn	20	42,861	1,200	38,922	93	810,600	100	-7	589,500	-221,100
	F	Boomer	60	42,861	138,600	75,254	91	204,600	75	16	523,200	318,600
		Gen X	40	42,861	55,000	79,867	93	478,900	89	4	589,300	110,400
		Gen Y	30	42,861	22,500	68,114	94	631,100	94	0	620,700	-10,400
		Millenial	20	42,861	1,200	36,613	94	746,400	98	-4	620,800	-125,600
		NewBorn	20	42,861	1,200	36,613	94	762,500	98	-4	621,100	-141,400
Change	M	Boomer	60	42,861	228,500	91,629	89	20,600	2	-2	0	-20,600
		Gen X	40	42,861	105,000	95,940	92	142,100	4	-4	0	-142,100
		Gen Y	30	42,861	35,000	79,908	93	208,900	7	-7	0	-208,900
		Millenial	20	42,861	1,200	38,922	93	238,800	9	-9	0	-238,800
		NewBorn	0	42,861	1,200	38,922	94	238,800	8	-8	0	-238,800
	F	Boomer	60	42,861	138,600	75,254	91	16,900	1	-1	0	-16,900
		Gen X	40	42,861	55,000	79,867	93	118,300	6	-6	0	-118,300
		Gen Y	30	42,861	22,500	68,114	94	178,100	6	-6	0	-178,100
		Millenial	20	42,861	1,200	36,613	94	225,500	8	-8	0	-225,500
		NewBorn	0	42,861	1,200	36,613	95	224,700	7	-7	0	-224,700

REMOVING THE MINIMUM SG THRESHOLD

Scenario	Gender	Generation	AgeNow	DesiredIncome	SuperNow	SalaryNow	LifeExpect	SuperRetire	SuperLasts	YearsPensionOnl	LSRequired	Gap
Base	M	Boomer	60	42,861	0	5,000	89	0	65	24	464,000	464,000
		Gen X	40	42,861	0	5,000	92	0	65	27	556,800	556,800
		Gen Y	30	42,861	0	5,000	93	0	65	28	589,200	566,300
		Millenial	20	42,861	0	5,000	93	0	65	28	589,300	523,800
		NewBorn	20	42,861	0	5,000	93	0	65	28	589,400	522,300
	F	Boomer	60	42,861	0	5,000	91	0	65	26	521,100	521,100
		Gen X	40	42,861	0	5,000	93	0	65	28	588,700	588,700
		Gen Y	30	42,861	0	5,000	94	0	65	29	620,700	597,900
		Millenial	20	42,861	0	5,000	94	0	65	29	620,800	560,300
		NewBorn	20	42,861	0	5,000	94	0	65	29	620,700	552,900
SG Conts	M	Boomer	60	42,861	0	5,000	89	2,000	65	24	464,000	461,200
		Gen X	40	42,861	0	5,000	92	14,300	65	27	556,800	542,200
		Gen Y	30	42,861	0	5,000	93	23,200	65	28	589,200	562,400
		Millenial	20	42,861	0	5,000	93	34,300	65	28	589,300	523,400
		NewBorn	20	42,861	0	5,000	93	36,100	65	28	589,400	520,300
	F	Boomer	60	42,861	0	5,000	91	2,000	65	26	521,100	521,300
		Gen X	40	42,861	0	5,000	93	14,300	65	28	588,700	574,600
		Gen Y	30	42,861	0	5,000	94	23,200	65	29	620,700	593,900
		Millenial	20	42,861	0	5,000	94	34,300	65	29	620,800	554,000
		NewBorn	20	42,861	0	5,000	94	36,100	65	29	620,700	552,000
Change	M	Boomer	60	42,861	0	5,000	89	2,000	0	0	0	-2,800
		Gen X	40	42,861	0	5,000	92	14,300	0	0	0	-14,600
		Gen Y	30	42,861	0	5,000	93	23,200	0	0	0	-3,900
		Millenial	20	42,861	0	5,000	93	34,300	0	0	0	-400
		NewBorn	0	42,861	0	5,000	94	36,100	0	0	0	-2,000
	F	Boomer	60	42,861	0	5,000	91	2,000	0	0	0	200
		Gen X	40	42,861	0	5,000	93	14,300	0	0	0	-14,100
		Gen Y	30	42,861	0	5,000	94	23,200	0	0	0	-4,000
		Millenial	20	42,861	0	5,000	94	34,300	0	0	0	-6,300
		NewBorn	0	42,861	0	5,000	95	36,100	0	0	0	-900

REMOVING THE MINIMUM SG THRESHOLD WITH PROMOTIONAL RATES

Scenario	Gender	Generation	AgeNow	DesiredIncome	SuperNow	SalaryNow	LifeExpect	SuperRetire	SuperLasts	YearsPensionOnl	LSRequired	Gap
Base	M	Boomer	60	42,861	0	5,000	89	0	65	24	0	0
		Gen X	40	42,861	0	5,000	92	0	65	27	0	0
		Gen Y	30	42,861	0	5,000	93	22,800	65	28	589,100	566,300
		Millenial	20	42,861	0	5,000	93	65,500	66	27	589,300	523,800
		NewBorn	20	42,861	0	5,000	93	67,800	66	27	590,100	522,300
	F	Boomer	60	42,861	0	5,000	91	0	65	26	0	0
		Gen X	40	42,861	0	5,000	93	0	65	28	0	0
		Gen Y	30	42,861	0	5,000	94	22,800	65	29	620,700	597,900
		Millenial	20	42,861	0	5,000	94	65,500	66	28	625,800	560,300
		NewBorn	20	42,861	0	5,000	94	67,800	66	28	620,700	552,900
SG Conts	M	Boomer	60	42,861	0	5,000	89	2,000	65	24	464,000	462,000
		Gen X	40	42,861	0	5,000	92	14,700	65	27	556,000	541,300
		Gen Y	30	42,861	0	5,000	93	26,800	65	28	589,300	562,500
		Millenial	20	42,861	0	5,000	93	66,700	66	27	590,100	523,400
		NewBorn	20	42,861	0	5,000	93	69,000	66	27	589,300	520,300
	F	Boomer	60	42,861	0	5,000	91	2,000	65	26	521,100	519,100
		Gen X	40	42,861	0	5,000	93	14,700	65	28	589,300	574,600
		Gen Y	30	42,861	0	5,000	94	26,800	65	29	620,700	593,900
		Millenial	20	42,861	0	5,000	94	66,700	66	28	620,700	554,000
		NewBorn	20	42,861	0	5,000	94	69,000	66	28	621,000	552,000
Change	M	Boomer	60	42,861	0	5,000	89	2,000	0	0	464,000	462,000
		Gen X	40	42,861	0	5,000	92	14,700	0	0	556,000	541,300
		Gen Y	30	42,861	0	5,000	93	4,000	0	0	200	-3,800
		Millenial	20	42,861	0	5,000	93	1,200	0	0	800	-400
		NewBorn	0	42,861	0	5,000	94	1,200	0	0	-800	-2,000
	F	Boomer	60	42,861	0	5,000	91	2,000	0	0	521,100	519,100
		Gen X	40	42,861	0	5,000	93	14,700	0	0	589,300	574,600
		Gen Y	30	42,861	0	5,000	94	4,000	0	0	0	-4,000
		Millenial	20	42,861	0	5,000	94	1,200	0	0	-5,100	-6,300
		NewBorn	0	42,861	0	5,000	95	1,200	0	0	300	-900

AMENDING THE SEX DISCRIMINATION ACT *(1984)* 1984(CTH) FOR THE ADDITIONAL $500 CONTRIBUTION

Scenario	Gender	Generation	AgeNow	DesiredIncome	SuperNow	SalaryNow	LifeExpect	SuperRetire	SuperLasts	YearsPensionOnl	LSRequired	Gap
Base	M	Boomer	60	42,861	228,500	91,629	89	295,700	80	9	464,200	168,500
		Gen X	40	42,861	105,000	95,940	92	503,500	90	2	556,900	53,400
		Gen Y	30	42,861	35,000	79,908	93	551,500	91	2	589,300	37,800
		Millenial	20	42,861	1,200	38,922	93	552,300	91	2	589,700	37,400
		NewBorn	20	42,861	1,200	38,922	93	571,800	92	1	589,500	17,700
	F	Boomer	60	42,861	138,600	75,254	91	187,700	74	17	523,200	335,500
		Gen X	40	42,861	55,000	79,867	93	360,600	83	10	589,300	228,700
		Gen Y	30	42,861	22,500	68,114	94	453,000	88	6	620,700	167,700
		Millenial	20	42,861	1,200	36,613	94	520,900	90	4	620,800	99,900
		NewBorn	20	42,861	1,200	36,613	94	537,800	91	3	621,100	83,300
ANZ Female Conts	M	Boomer	60	42,861	228,500	91,629	89	295,700	80	9	464,200	168,500
		Gen X	40	42,861	105,000	95,940	92	503,500	90	2	556,900	53,400
		Gen Y	30	42,861	35,000	79,908	93	551,500	91	2	589,300	37,800
		Millenial	20	42,861	1,200	38,922	93	552,300	91	2	589,700	37,400
		NewBorn	20	42,861	1,200	38,922	93	571,800	92	1	589,500	17,700
	F	Boomer	60	42,861	138,600	75,254	91	189,900	74	17	523,200	333,300
		Gen X	40	42,861	55,000	79,867	93	375,400	84	9	589,300	213,900
		Gen Y	30	42,861	22,500	68,114	94	479,100	89	5	620,700	141,600
		Millenial	20	42,861	1,200	36,613	94	582,500	92	2	620,800	38,300
		NewBorn	20	42,861	1,200	36,613	94	599,200	93	1	621,100	21,900
Change	M	Boomer	60	42,861	228,500	91,629	89	0	0	0	0	0
		Gen X	40	42,861	105,000	95,940	92	0	0	0	0	0
		Gen Y	30	42,861	35,000	79,908	93	0	0	0	0	0
		Millenial	20	42,861	1,200	38,922	93	0	0	0	0	0
		NewBorn	0	42,861	1,200	38,922	94	0	0	0	0	0
	F	Boomer	60	42,861	138,600	75,254	91	2,200	0	0	0	-2,200
		Gen X	40	42,861	55,000	79,867	93	14,800	1	-1	0	-14,800
		Gen Y	30	42,861	22,500	68,114	94	26,100	1	-1	0	-26,100
		Millenial	20	42,861	1,200	36,613	94	61,600	2	-2	0	-61,600
		NewBorn	0	42,861	1,200	36,613	95	61,400	2	-2	0	-61,400

SUPERANNUATION CONTRIBUTIONS ON PARENTAL LEAVE

Scenario	Gender	Generation	AgeNow	DesiredIncome	SuperNow	SalaryNow	LifeExpect	SuperRetire	SuperLasts	YearsPensionOnl	LSRequired	Gap
Base	M	Boomer	60	42,861	228,500	91,629	89	295,700	80	9	464,200	168,500
		Gen X	40	42,861	105,000	95,940	92	503,500	90	2	556,900	53,400
		Gen Y	30	42,861	35,000	79,908	93	511,900	90	3	589,300	77,400
		Millenial	20	42,861	1,200	38,922	93	512,500	90	3	589,300	76,800
		NewBorn	20	42,861	1,200	38,922	93	532,400	91	2	589,400	57,000
	F	Boomer	60	42,861	138,600	75,254	91	187,700	74	17	523,200	335,500
		Gen X	40	42,861	55,000	79,867	93	360,600	83	10	589,300	228,700
		Gen Y	30	42,861	22,500	68,114	94	418,900	86	8	620,700	201,800
		Millenial	20	42,861	1,200	36,613	94	483,500	89	5	621,500	138,000
		NewBorn	20	42,861	1,200	36,613	94	500,700	90	4	620,700	120,000
SG on Parental	M	Boomer	60	42,861	228,500	91,629	89	295,700	80	9	464,200	168,500
		Gen X	40	42,861	105,000	95,940	92	503,500	90	2	556,900	53,400
		Gen Y	30	42,861	35,000	79,908	93	514,000	90	3	589,200	75,200
		Millenial	20	42,861	1,200	38,922	93	514,600	90	3	589,400	74,800
		NewBorn	20	42,861	1,200	38,922	93	534,400	91	2	589,500	55,100
	F	Boomer	60	42,861	138,600	75,254	91	187,700	74	17	523,200	335,500
		Gen X	40	42,861	55,000	79,867	93	360,600	83	10	589,300	228,700
		Gen Y	30	42,861	22,500	68,114	94	421,000	86	8	620,700	199,700
		Millenial	20	42,861	1,200	36,613	94	485,600	89	5	620,700	135,100
		NewBorn	20	42,861	1,200	36,613	94	502,800	90	4	620,700	117,900
Change	M	Boomer	60	42,861	228,500	91,629	89	0	0	0	0	0
		Gen X	40	42,861	105,000	95,940	92	0	0	0	0	0
		Gen Y	30	42,861	35,000	79,908	93	2,100	0	0	-100	-2,200
		Millenial	20	42,861	1,200	38,922	93	2,100	0	0	100	-2,000
		NewBorn	0	42,861	1,200	38,922	94	2,000	0	0	100	-1,900
	F	Boomer	60	42,861	138,600	75,254	91	0	0	0	0	0
		Gen X	40	42,861	55,000	79,867	93	0	0	0	0	0
		Gen Y	30	42,861	22,500	68,114	94	2,100	0	0	0	-2,100
		Millenial	20	42,861	1,200	36,613	94	2,100	0	0	-800	-2,900
		NewBorn	0	42,861	1,200	36,613	95	2,100	0	0	0	-2,100

SUPERANNUATION CONTRIBUTIONS ON PARENTAL LEAVE FOR 24 MONTHS

Scenario	Gender	Generation	AgeNow	DesiredIncome	SuperNow	SalaryNow	LifeExpect	SuperRetire	SuperLasts	YearsPensionOnly	LSRequired	Gap
Base	M	Boomer	60	42,861	228,500	91,629	89	295,700	80	9	464,200	168,500
		Gen X	40	42,861	105,000	95,940	92	503,500	90	2	556,900	53,400
		Gen Y	30	42,861	35,000	79,908	93	511,900	90	3	589,300	77,400
		Millenial	20	42,861	1,200	38,922	93	512,500	90	3	589,300	76,800
		NewBorn	20	42,861	1,200	38,922	93	532,400	91	2	589,400	57,000
	F	Boomer	60	42,861	138,600	75,254	91	187,700	74	17	523,200	335,500
		Gen X	40	42,861	55,000	79,867	93	360,600	83	10	589,300	228,700
		Gen Y	30	42,861	22,500	68,114	94	418,900	86	8	620,700	201,800
		Millenial	20	42,861	1,200	36,613	94	483,500	89	5	620,700	137,200
		NewBorn	20	42,861	1,200	36,613	94	500,700	90	4	620,700	120,000
24 months parental pay at minimum wage	M	Boomer	60	42,861	228,500	91,629	89	295,700	80	9	464,200	168,500
		Gen X	40	42,861	105,000	95,940	92	503,500	90	2	556,900	53,400
		Gen Y	30	42,861	35,000	79,908	93	523,700	90	3	589,300	65,600
		Millenial	20	42,861	1,200	38,922	93	524,300	90	3	589,700	65,400
		NewBorn	20	42,861	1,200	38,922	93	544,200	91	2	589,600	45,400
	F	Boomer	60	42,861	138,600	75,254	91	187,700	74	17	523,200	335,500
		Gen X	40	42,861	55,000	79,867	93	360,600	83	10	589,300	228,700
		Gen Y	30	42,861	22,500	68,114	94	430,700	87	7	620,700	190,000
		Millenial	20	42,861	1,200	36,613	94	495,300	89	5	620,700	125,400
		NewBorn	20	42,861	1,200	36,613	94	512,500	90	4	620,700	108,200
Change	M	Boomer	60	42,861	228,500	91,629	89	0	0	0	0	0
		Gen X	40	42,861	105,000	95,940	92	0	0	0	0	0
		Gen Y	30	42,861	35,000	79,908	93	11,800	0	0	0	-11,800
		Millenial	20	42,861	1,200	38,922	93	11,800	0	0	400	-11,400
		NewBorn	0	42,861	1,200	38,922	94	11,800	0	0	200	-11,600
	F	Boomer	60	42,861	138,600	75,254	91	0	0	0	0	0
		Gen X	40	42,861	55,000	79,867	93	0	0	0	0	0
		Gen Y	30	42,861	22,500	68,114	94	11,800	1	-1	0	-11,800
		Millenial	20	42,861	1,200	36,613	94	11,800	0	0	0	-11,800
		NewBorn	0	42,861	1,200	36,613	95	11,800	0	0	0	-11,800