

Senate Economics Legislation Committee
ANSWERS TO QUESTIONS ON NOTICE

Treasury Portfolio

Budget Estimates

2016 - 2017

Department/Agency: Treasury

Question: BET313

Topic: Roll over of the super concessional caps

Reference: Hansard page No. 49 - 6 May 2016

Senator: Jenny McAllister

Question:

"Senator McALLISTER: The budget paper says annual concessional caps can limit the ability of people with interrupted work patterns to accumulate superannuation balances. Do we have any evidence about how many people are presently affected by that limitation? How many people are presently nudging up against that \$25,000 a year cap—or the \$35,000 a year cap—and how many of them are women?"

Ms J Wilkinson: As the Treasurer announced with the package, we are expecting roughly three per cent of individuals to be affected by the contribution caps moving down to \$25,000.

Senator McALLISTER: I am talking about the ability to roll over—

Ms J Wilkinson: How many people are likely to benefit from the roll over?

Senator McALLISTER: That's right.

Ms J Wilkinson: Around 230,000 people could benefit from the roll over of the concessional caps.

Senator McALLISTER: How was that arrived at?

Ms J Wilkinson: That is an internal costing that we do. We look at ATO data. We have quite good data on member contributions. We make a best estimate as to how many people might meet the cap one year and not another year, and we make an estimate as to how many of those may come forward.

Senator McALLISTER: So 230,000?

Ms J Wilkinson: Yes, 230,000 is roughly the number of people we expect may be able to take advantage of this flexibility in 2018-19.

Senator McALLISTER: Is there a gender analysis of that?

Ms J Wilkinson: I am not aware that we have done a gender analysis of that measure.

Senator McALLISTER: So 230,000 people might be able to take advantage of an opportunity to put more than \$25,000 a year into their super?

Ms J Wilkinson: It is not quite that. I guess the way to think about it is that the annual concessional caps still hold. The annual concessional caps are \$25,000. If in the first year, in 2017-18, you only make concessional contributions of \$15,000 then you have the ability in the following year to contribute \$35,000. So you are rolling over the unused amount of the cap.

Senator McALLISTER: But from the analysis you did we do not know whether it is men or women who are in that position?

Ms J Wilkinson: I am not aware that we have done gender analysis on that. I am very happy to take that on notice."

Answer:

Treasury has not estimated the income and gender distribution of individuals likely to make catch-up contributions.

This measure helps to make the superannuation system more flexible in anticipation of ever-changing work practices in a modern economy.