



Pre-Budget Submission  
Department of Treasury  
Parkes ACT 2603

BY EMAIL: [prebudgetsubs@treasury.gov.au](mailto:prebudgetsubs@treasury.gov.au)

Dear Sir/Madam,

I refer to the government's call for pre-budget submissions for consideration in the 2020/21 Budget context. AMP is pleased to provide the following submission.

For many years it has been apparent that people with part time work or broken work patterns are disadvantaged throughout the accumulation phase of superannuation, retiring with account balances well below those with unbroken work patterns and full-time work.

While many people are impacted e.g. carers and those who may have work commitments overseas, it is primarily women that are disadvantaged through lower salaries and broken work patterns over the course of their career.

Some years ago, AMP produced a retirement incomes adequacy report in conjunction with Access Economics which shows that at retirement, women's account balances are often around 30 percent lower than an equivalent male.

While the report is somewhat dated, it would be reasonable to assume that the situation has not changed markedly.

While there are many reasons that women's superannuation account balances are lower than those of men it is irrefutable that at retirement women are worse off at retirement.

For a nation that prides itself on fairness and equity, such outcomes are unacceptable and we believe something needs to be done.

We therefore encourage the government to explicitly focus on the significant and worsening issue of women's retirement incomes adequacy.

Specifically, we ask the government to consider five policy measures in the budget that would assist women:

- Removing the \$450 monthly pay threshold for superannuation. This would result in an estimated 220,000 women having superannuation contributions while presently they do not;
- Providing women and other low-income earners with an additional \$1,000 annual contribution to their super; this will boost their balances and reduce the male/female gap;
- Encourage companies to pay super on unpaid parental leave. This is the practice at AMP. Women take on average five years out of the workforce to care for children or a family member which can cause their super savings to stagnate and begin to fall behind those of men

- Ensuring no further delays in increasing the superannuation guarantee to 12%. Our analyses show that the current 9.5% Superannuation Guarantee does not enable most women to accrue sufficient savings for a comfortable retirement
- Reviewing the Spouse Contributions policy and rules and extending the ability to split contributions for two years, rather than just one or being able split 100% of concessional contributions.

The above five measures are low cost, and would not materially impact the budget, yet have a significant impact on women and those on low incomes.

Should you have any queries, please do not hesitate to contact us.

Yours sincerely

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