



Coalition urged to ditch ‘deeply concerning’ push to ask mums to raid retirement savings

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The Coalition’s support for paying super on Commonwealth Parental Leave Pay is very welcome - but its bid to make it optional undermines the whole policy intent of boosting the retirement savings of new mums and is a concerning departure from bipartisan principles of universality and compulsion.

The cash-out proposal sends a worrying message to mums that they should sacrifice their future financial security to meet daily living costs - exacerbating women’s retirement poverty risk.

Super Members Council CEO Misha Schubert said the organisation had urged the Coalition to reverse the policy. The proposal, introduced as amendments to the Bill, would see mums asked to take the Commonwealth Parental Leave super payments as cash or additional leave instead of super.

“This opt-out proposal is a deeply worrying departure from bipartisan principles of universality and compulsion in super that are key to a more financially secure retirement for all working Australians.”

“It undermines the policy intent to boost the retirement savings of Australian mums and to start to turn around the gender super gap - which has been widening for women in their 30s.”

“It sends a deeply concerning message to mums that they should sacrifice their future financial security to meet daily expenses.”

“And it risks putting pressure on mums to raid their retirement savings or being forced to by coercively controlling partners. We urge the Coalition to reverse its position.”

Like funding Medicare and wearing seatbelts, super is universal and compulsory for a compelling reason: to protect and grow people’s retirement savings for when they retire. Women already retire with a quarter less super than men.

“Compulsion and universality in super enable millions of Australians to have a far better quality of life in retirement.”

“They are key policy foundations that have built the retirement savings of everyday Australians, If they are undermined or uphauled, all Australian savers will be poorer in retirement.”

Another sector body, Women in Super, have also called on the Coalition to change course.

““Why is it that, once again, women are being asked to choose between financial security now and in retirement?” Women in Super CEO Jo Kowalczyk said.

“The Coalition’s assertion that the value of the superannuation entitlement in a lump sum as it is ‘*the same level of financial support*’ as a payment into their super accounts is disingenuous.

“Due to compound interest, the impact on a woman’s finances is \$7,500 at retirement not simply the \$2,900.”

“This proposal does not contribute towards closing the gender super gap or alleviating the risk of women retiring into poverty.”