



MEDIA RELEASE

8 May 2018

Budget 2018: High-fee super funds put on notice

High-fee super funds will be banned from imposing excessive fees and charges on lower account balances, under changes announced in the Federal Budget.

The proposed changes, to take effect from July 2019, will cap passive fees on account balances below \$6,000 at 3%, as well as implement a total ban on exit fees from super funds.

LGIAsuper CEO, Kate Farrar, welcomed the announcement, saying protecting smaller super balances was key to helping younger members engage with their super.

“Often, young people in casual or part time work see their super balance eaten away by fees and charges,” Ms Farrar said.

“And many superannuation products trap people in poorly-performing funds by levying punitive exit fees. These proposals will remedy that,” she said.

The Budget also provides extra funding to the ATO to target employers who don’t meet their superannuation payment obligations.

Ms Farrar said although the Budget didn’t contain the sweeping changes to superannuation of past years, there were other measures to support retirees.

“Retirees receiving the Age Pension will be able to earn up to \$7,800 each year without an impact on their pension”, Ms Farrar said. “Changes to the Pension Loans Scheme will also allow retirees to access the equity in their home to help generate retirement income.”

“And retirees aged between 65 and 74 with super balances below \$300,000 will be given a twelve-month exemption from the work test for super contributions, which provides more flexibility in retirement planning,” Ms Farrar said.

Our full Budget update, including changes to insurance options for under 25s, will be available at lgiasuper.com.au from 3pm on Wednesday 9 May.

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About LGIAsuper

LGIAsuper is a Queensland-based superannuation fund with a proud history of helping members achieve a financially secure retirement through the provision of trusted advice, insurance and investments. The fund invests more than \$11 billion on behalf of 85,000 members.

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