Super changes to help women

In a raft of initiatives aimed at improving economic outcomes for women, particularly in the superannuation space, the government has proposed changes, including extending the ability to access early release of superannuation for women experiencing family and domestic violence, better visibility over superannuation in divorce/separation proceedings, and actively reuniting lost and low-balance inactive super accounts with their owners.

In an effort to assist women experiencing family and domestic violence, the government has proposed to extend the ability to access early release superannuation based on feedback from the wider community. While it notes that super should ideally be preserved until retirement, there are certain immediate and extreme circumstances where the benefits today outweigh the benefits of maintaining those savings until retirement.

Currently, the early release of superannuation can only be provided in limited circumstances such as terminal illness and severe financial hardship. It is hoped that by extending early access to super for victims of family and domestic violence, it can provide an important lifeline for these victims to begin the recovery process in a safe environment.

According to the government, around 17% of women have experienced violence from a current or former partner since the age of 15, which means around 1.6m Australian women have been victims of domestic or family violence. The early release of superannuation is just one aspect of a package initiatives aimed at assisting women with superannuation. The other initiatives include better visibility over superannuation in divorce/separation proceedings, and actively reuniting lost and low-balance inactive super accounts with their owners.

Usually in divorce or separation proceedings, superannuation represents a significant asset making up a large portion of the overall asset pool. Under the current laws, where parties to family law proceedings are evasive regarding the amount of their superannuation, it can be costly and time-consuming to gather the information required in order to establish the identification of the superannuation account, let alone the balance.

The government is proposing to develop an electronic information sharing mechanism between the ATO and the Family Law Courts to allow superannuation assets held by relevant parties during family law proceedings to be identified quickly and accurately. It will also reduce the need for information-gathering (which would save on legal costs) and ensure just and equitable superannuation splitting outcomes.

Also as a part of initiatives, the government is proposing to actively reunite people with their lost and low-balance inactive superannuation accounts. Certain low balance accounts are already protected from erosion by a 3% cap on certain fees, exit fee ban, and opt-in insurance. However, it is envisaged that under the proactive approach - where superannuation accounts will be transferred to the ATO after 13 months of inactivity and then automatically sent to a person’s active account – the super of 1.3m women will be boosted by around $2.5bn.

Want to find out more?

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