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28 February 2023

Superannuation tax breaks

**Joint media release with
The Hon Stephen Jones MP
Assistant Treasurer
Minister for Financial Services**

The Albanese Government is making Australia's world-class superannuation system more sustainable and fairer with one modest change that affects less than 0.5 per cent of all Australians.

Since coming to government, we've been up-front about the challenges facing the economy and the budget. We inherited a trillion dollars of debt as well as growing spending pressures in defence, health, aged care and the NDIS.

These challenges mean we need to make responsible budget choices to ensure generous superannuation tax breaks are better targeted and sustainable.

The modest adjustment we announce today means 99.5 per cent of Australians with superannuation accounts will continue to receive the same generous tax breaks, and the 0.5 per cent of people with balances above \$3 million will receive less generous tax breaks.

Currently, earnings from superannuation in the accumulation phase are taxed at a concessional rate of up to 15 per cent. This will continue for all superannuation accounts with balances below \$3 million.

From 2025-26, the concessional tax rate applied to future earnings for balances above \$3 million will be 30 per cent.

This is expected to apply to around 80,000 people, and they will continue to benefit from more generous tax breaks on earnings from the \$3 million below the threshold.

This adjustment does not impose a limit on the size of superannuation account balances in the accumulation phase. And it applies to future earnings – it is not retrospective.

This modest adjustment to tax breaks for the biggest accounts is expected to generate revenue of about \$2 billion in its first full year of revenue after the election.

The *2022-23 Tax Expenditures and Insights Statement*

(<https://treasury.gov.au/publication/p2023-370286>) released today shows that the revenue foregone from superannuation tax concessions amounts to about \$50 billion a year. The cost of these concessions is projected to exceed the cost of the Age Pension by 2050.

This modest adjustment is consistent with the Government's proposed objective of superannuation, to deliver income for a dignified retirement in an equitable and sustainable way.

Labor built the superannuation system. We will always protect it and make it stronger, because we want working people to have dignity and security in retirement.

More than 99.5 per cent of Australians will continue to receive the same generous tax breaks that help them save more for retirement through superannuation. The 0.5 per cent of individuals with superannuation accounts over \$3 million will receive less generous tax breaks for balances that are beyond what is necessary to fund a comfortable retirement.


The Government will introduce enabling legislation to implement this adjustment as soon as practicable. Further consultation will be undertaken with the superannuation industry and other relevant stakeholders to settle the implementation of the measure.


More information about the policy details will be published on the Treasury website.



The Hon Dr Jim Chalmers MP
Treasurer

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