

MEDIA RELEASE 19 September 2024

AustralianSuper welcomes superannuation on Paid Parental Leave

AustralianSuper welcomes the passing of legislation that will see the Superannuation Guarantee extended to the Commonwealth-funded Paid Parental Leave.

AustralianSuper has campaigned on this issue for many years and Chief Member Officer, Rose Kerlin, said it was a major milestone for members - particularly women - and it will have a significant positive effect for them in retirement

'Paying super on Paid Parental Leave is going to provide a boost to the retirement savings for those receiving the Commonwealth Parental Leave Pay and it will be particularly significant for low paid and vulnerable workers,' Ms Kerlin said.

Ms Kerlin said the gender pay gap had a major effect on members' retirement outcomes.

'We know that a woman who takes 10 years out of the workforce to care for children has 12 per cent less income in retirement than a person who has no career break,' Ms Kerlin said.

Ms Kerlin said a 30-year-old man earning the average wage of \$1983 per week with an average super balance is projected to retire with approximately \$882,000 in superannuation. Meanwhile, a woman earning an average wage of \$1745 per week with an average super balance is expected to retire at age 67 with around \$737,000 in today's dollars - leaving a gap of \$145,000¹.

'This isn't good enough and we hope to see that gap close for many Australian women,' Ms Kerlin said.

Only 14% of men took paid parental leave last year, even though 63% of employers now offer it².

'We need to normalise equal access to caring and career opportunities and continue supporting gender equality initiatives in the workplace.'

Ms Kerlin added that we need to collectively work to ensure super is super for everyone.

'While this Bill is an important step to address the gender super gap, we know there is more work to do.

'Expanding the Low Income Superannuation Tax Offset is essential to ensuring fairness in the superannuation system for low-income earners, and the majority of those who would benefit from this would be low-income women.'

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About AustralianSuper

AustralianSuper manages more than A\$341 billion in members' retirement savings on behalf of over 3.4 million members from more than 478,000 businesses (as at 30 June 2024).

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¹ **Assumptions:** According to AustralianSuper member data, the average super balance of a 30-year-old male is \$82,900 and the average super balance of a 30-year-old female is \$60,200. Average earnings as per ABS data as at February 2024. Salary indexed at 3.5% pa. AustralianSuper administration fees of \$1 per week and 0.10% of account balance (capped at \$350 pa) and AustralianSuper average insurance costs of \$400 pa. Assumes member will receive a tax benefit of 15% on any administration fees and any insurance fees deducted directly from the account. Investment returns projected over the working lifetime are 6.5% p.a, net of fees and applicable taxes. SG contributions are 11.5% from 1 July 2024 and 12% pa from 1 July 2025. Assumes member works full-time throughout the projection period with no career breaks. Results are expressed in today's dollars by discounting at wage inflation of 3.5%. Super balance figures rounded to the nearest \$1,000.

²Ages 60-64, Deloitte Average Balances to 30 June 2023.