2009 Budget Summary

Contents

Summary & Key Highlights

The 2009/10 Federal Budget is characterised by a $57.6 billion deficit, with the Government expecting to see the budget return to a surplus position in 2015/16. The focus of spending is on infrastructure and building projects in an effort to limit the increase in unemployment (tipped to reach 8.5 per cent in 2010/11) and to 'build for the future'. Australian bond funds can expect a poor performance for May as the spreads on existing Government bonds increase to cater for the expected rise in Government debt issuance to fund the spending spree.

While there were no significant tax changes announced, it is important to note that the tax cuts announced in last year's Budget have been not been wound back.

Concessional contribution caps will be halved from 1 July 2009, but the widely-rumoured changes to transition to retirement income streams did not eventuate. The 50 per cent reduction in minimum drawdowns for account-based pensions will continue for the next financial year. As a result, Transition to Retirement Pensions are still a very effective way to increase your retirement savings.

The co-contribution matching rate is reduced from 150 per cent to 100 per cent for three years, but there is no change to the eligibility requirements.

One of the more significant changes for retirees is to the income testing of pensions, with the income test to increase from 40 cents in the dollar to 50 cents in the dollar. The impact of this change is reduced by the increases in the pension rates and transitional provisions to minimise the impact on existing pensioners.

The growth projections provided by Treasury to the Government are optimistic as they suggest above trend growth. If the growth does not occur, we can expect a large personal tax increase with even the potential for an inheritance tax. If you are thinking about investing in the market outside of superannuation, we recommend that you consider a trust to help you manage this risk.

Overall, the budget was not as tough as it could (and arguably should) have been. We will now sit back and wait to see if global growth picks up and as a result the Government can meet its optimistic target to repay the debt we find ourselves lumbered with.

Taxation

Announced tax cuts from 1 July 2009

In accordance with the tax cuts announced in last year's budget, the new personal income tax thresholds have changed. The 30% tax rate has been increased from $34,000 to $35,000 and the 40% tax rate has been reduced to 38%.

Current Income thresholds	Tax rate	Income thresholds from 1 July 2009	Tax rate
$0 - $6,000	0%	$0 - $6,000	0%
$6,001 - $34,000	15%	$6,001 - **$35,000**	15%
$34,001 - $80,000	30%	**$35,001** - $80,000	30%
$80,001 - $180,000	40%	$80,001 - $180,000	**38%**
$180,000+	45%	$180,000+	45%

Increased Medicare levy low income threshold from 1 July 2008

The Government will increase the Medicare levy low income threshold to $17,794 for individuals and $30,025 for individuals in families. The additional amount of threshold for each dependent child or student will also increase to $2,757. The Medicare levy threshold for pensioners below age pension age will also be increased to $25,299. This is to ensure that pensioners below age pension age will not have a Medicare liability where they don't have an income tax liability.

Additional small business and general business tax break from 13 December 2008

The Government will expand the small business and general business tax break announced in February. Small businesses will now be entitled to a bonus deduction of 50% where they acquire an eligible asset between 13 December 2008 and 31 December 2009 and install it ready for use by 31 December 2010. The previously announced 30% and 10% bonuses will continue to apply for all other businesses.

Modified Pay As You Go (PAYG) instalments relief for small business from 1 July 2009

For the 2009-2010 financial year, the Government will provide cash flow relief by reducing PAYG instalments for all taxpayers who pay quarterly instalments based on their previous year's tax adjusted by GDP growth. From next year the adjustment factor for calculating quarterly instalments will be reduced from 9% to 2% to align it with the expected increase in the consumer price index. This reduction will ensure that eligible small businesses, individuals, trusts and small super funds will have additional cash flow by more closely aligning their PAYG instalment amounts with their likely income tax liability for the year.

Changes to income tax exemption for income earned by Australians working overseas from 1 July 2009

From 1 July 2009 foreign employment income derived by certain Australians working overseas for a continuous period of 91 days or more will become taxable in Australia. To avoid double taxation, taxpayers will be entitled to a foreign income tax credit for any foreign tax paid. Currently, foreign employment income derived by Australians working overseas for a continuous period of 91 days or more is exempt from tax in Australia. Importantly, this exemption will continue to apply to income earned as an aid worker, a charitable worker, under certain types of government employment or on projects that are in the national interest.

Tightening access to non-commercial business losses from 1 July 2009

From the 2009-2010 financial year, where taxpayers with adjusted taxable income of over $250,000 incur excess deductions from non-commercial business activities, those excess deductions will be quarantined to that business activity. The existing rules will continue to apply for taxpayers with adjusted taxable income of $250,000 or less.

Taxation of Special Disability Trusts

To help support people with severe disabilities as well as their immediate family and carers, the Government has announced a number of changes to the taxation of Special Disability Trusts.

These include:

- From 2008-2009, the Government will ensure that any unexpended income of a Special Disability Trust will be taxed at the beneficiary's personal income tax rates rather than at the top marginal rate.

- With effect from 2009-2010, the Government will extend the capital gains tax main residence exemption to include a main residence owned by a Special Disability Trust and used by the relevant beneficiary as their main residence.

Small business CGT concessions

The Government will make several changes to the small business capital gains tax (CGT) concessions provisions so that they operate flexibly and as intended. A transitional rule will extend the time for taxpayers to choose to access the concessions where the choice arises from changes to the concessions announced in the 2008-09 Budget and the 2008-09 Mid-Year Economic and Fiscal Outlook. This extension of time will apply from Royal Assent of the amending legislation. Access to the concessions for assets acquired on the death of an individual will be extended to cover assets that have passed to a testamentary trust where the individual would have been able to access the concessions at the time of their death. This extension will apply to CGT events happening in the 2006-07 income year and later income years. The provisions which treat certain distributions to entities connected with a private company as dividends will be excluded from applying to the small business CGT retirement exemption. This exclusion will apply from Royal Assent of the amending legislation. This measure was introduced into Parliament together with the previously announced changes to the concessions on 19 March 2009.

Employee share scheme eligibility from 13 May 2009

Under the current rules an employee can elect to be assessed on discounts provided on shares or rights in the year they are acquired under an employee share scheme. If no election is made the discount is taxed at a later time. If the employee makes an election to be taxed upfront they receive a tax exemption of up to $1,000 on the discount.

The proposed measure will:

- remove the existing election and access to discounts provided on shares or rights in the financial year they are acquired. Consequently, removal of the tax deferral option will ensure that remuneration in the form of share discounts are taxed at an appropriate time and rate and will result in a reduction of tax avoidance opportunities, and
- limit access to the upfront concession to employees with an adjusted taxable income of less than $60,000 per year, resulting in a better take-up and availability of employee share arrangements by low and middle income earners.

Closely held trusts and TFN withholding arrangements from 1 July 2010

This measure ensures that assessable distributions to beneficiaries of closely held trusts (including family trusts) align with amounts declared in tax returns by beneficiaries. This will not apply to income where tax is directly payable by the trustee, such as minors' assessable income. Taxpayers who have tax withheld by trustees will be able to claim a credit for that tax in their tax return.

Managed Investment Trusts (MIT) taxation from 1 July 2008

Australian MITs (except those taxed as companies) will be able to make an irrevocable election to apply the CGT regime as a primary code for taxing certain disposals of assets. Consequently the tax treatment of asset disposals by MITs will be consistent with disposals of similar investments held by complying superannuation funds. This is subject to the appropriate integrity rules which include the requirement that investments meet eligible investment business rules in Division 6C of the Income Tax Assessment Act 1936.

MITs which can elect into the regime will be required to make an irrevocable election to apply the CGT regime to all disposals of eligible investments in the first financial year after 2008-2009. Under the current rules gains and losses made on the disposal of MIT investments may be on capital or revenue account, depending on the characterisation of the investment activities concerned.

Superannuation

Reduction of concessional contribution cap from 1 July 2009

The concessional contribution (CC) caps for those under and over age 50 will be halved from 1 July 2009. The transitional concessional contributions cap (applicable to individuals aged 50 and over for the 2009-2010, 2010-2011 and 2011-2012 financial years) will be reduced to $50,000 per annum.

The annual cap on non-concessional contributions (NCC) is $150,000 per annum for the 2008-09 financial year and will remain at that level in 2009-10. In the future, the non-concessional cap will be calculated as six times the level of the (indexed) concessional contributions cap.

Contribution cap	2008/09	2009/10 (before Budget)	2009/10(after Budget)
Concessional contributions (CC) cap • Under age 50[1]	$50,000	$55,000	$25,000
• Over age 50 (until 30/6/2012)[2]	$100,000	$100,000	$50,000
Non-concessional contributions (annual NCC) cap[3]	$150,000	$165,000	$150,000
3-year NCC cap[4]	$450,000	$495,000	$450,000
CGT cap[1] (lifetime limit for eligible business owners)	$1,045,000	$1,100,000	$1,100,000

[1] *These thresholds are indexed in line with movements in Average Weekly Ordinary Time Earnings (AWOTE) in increments of $5,000 (rounded down).*

[2] *This cap is not indexed.*

[3] *This cap is equal to six times the CC cap from 1 July 2009. It will change when the CC cap is indexed.*

[4] *This cap only applies to individuals less than 65 on the first day of the financial year. The year in which the 3-year cap is initially triggered determines the value that can be contributed during the 3-year period.*

The reduction to the CC cap will affect salary sacrifice and transition to retirement pension strategies. In addition, the NCC cap will not be increased for 2009/10. Grandfathering arrangements will apply to ensure that the employer funding rate for existing defined benefit arrangements in place at 12 May 2009 are deemed to meet the new reduced cap.

Tips / Strategies

- Investors looking to maximise their Super contributions have six weeks to make the most of the higher 2008/09 CC cap. For this purpose, contributions must be received and recorded by the fund no later than 30 June 2009.
- Tips for maximising contributions prior to the end of the tax year:
  - ➢ Check your year-to-date CC contributions and consider making the most of your current year's caps.
  - ➢ Implement a salary sacrifice arrangement for the remaining six weeks of this financial year, (for most) this has the added benefit of reducing the tax you pay whilst increasing the overall contribution to your super.
  - ➢ If you are eligible to claim a deduction for personal contributions, you may wish to consider selling CGT assets (such as shares) and contributing the proceeds to super before 30 June 2009. That is, make a personal deductible contribution up to the higher 2008/09 CC cap to reduce or eliminate any CGT liability.

- For funds with reserves (especially SMSFs), consider distributing reserves before 30 June 2009, especially if the amounts will count towards the CC cap.
- From 1 July 2009, salary sacrifice arrangements may need to be reduced to ensure that your total concessional contributions do not exceed $25,000 if under age 50, or $50,000 if age 50 or over. It is very important to take into account employer contributions made under Superannuation Guarantee (SG) requirements, voluntary employer contributions or employer contributions separately made for insurance cover within super or for super fees. *By exceeding the CC cap you are liable for an additional 31.5% tax (and the excess also counts towards your NCC cap)*

- Contribute more to your super at a younger age. The reductions to the caps makes it more difficult to top up their super benefit in the years immediately preceding retirement.
- Halving the transitional CC cap of $100,000 (originally intended to transition over five years up to 30 June 2012), means that individuals who are 50 or over at 1 July 2009 can now only contribute $150,000 (ie three years worth of CC contributions at $50,000 instead of $100,000).

Temporary reduction of the Government co-contribution from 1 July 2009 to 30 June 2014

The Government will temporarily reduce the matching rate and maximum co-contribution that is payable on an individual's eligible personal non-concessional superannuation contributions, with effect from 1 July 2009. Under this measure, the matching rate and corresponding reduction will be:

	2009-2010	2010-2011	2011-2012	2012-2013	2013-2014	2014-2015
Maximum co-contribution payable	$1000	$1000	$1000	$1250	$1250	$1500
Reduction for each $1 of total income above shade out threshold	3.333 cents	3.333 cents	3.333 cents	4.167 cents	4.167 cents	5 cents

	Super contribution ($ pa)			
	1000	750	500	250
Income ($ pa)*	Government co-contribution ($ pa)			
30,342	1000.00	750.00	500.00	250.00
32,342	933.34	750.00	500.00	250.00
34,342	866.68	750.00	500.00	250.00
36,342	800.02	750.00	500.00	250.00
38,342	733.36	733.36	500.00	250.00
40,342	666.70	666.70	500.00	250.00

42,342	600.04	600.04	500.00	250.00
44,342	533.38	533.38	500.00	250.00
46,342	466.72	466.72	466.72	250.00
48,342	400.06	400.06	400.06	250.00
50,342	333.40	333.40	333.40	250.00
52,342	266.74	266.74	266.74	250.00
54,342	200.08	200.08	200.08	200.08
56,342	133.42	133.42	133.42	133.42
58,342	66.76	66.76	66.76	66.76
60,342	0.00	0.00	0.00	0.00

* Based on shade-out thresholds for 2008-2009.

Example: Government co-contributions

John, aged 55, is employed and earns $35,000 pa. He would like to invest $1,000 a year for five years and is considering the following options:

1. Investing outside super in a unit trust, or
2. Investing inside super and receiving a Government co-contribution each year.

As the table below shows, although John will still be better off investing in super, He will have $2,078 less for her retirement as a result of the proposal to reduce the maximum co-contribution on a sliding scale.

	Invested outside super	Invested in super (before Budget)	Invested in super (after Budget)
Co-contribution – year one[1]	Nil	$1,313	$875
Value of investment after 5 years	$5,849	$13,590	$11,512

[1] The co-contribution amounts are calculated using the lower threshold of $30,342 which applies in the 2008/09 financial year, indexed by 3% pa.

Assumptions: *A five-year comparison based on an after-tax investment of $1,000 pa. The super investment (only) attracts a co-contribution. The pre-tax investment return is 8% pa (split 3.5% income and 4.5% growth). Investment income is franked at 30%. All figures are after income tax (at 15% in super and 31.5% outside super) and capital gains tax (including discounting). These rates are assumed to remain constant over the investment period. No lump sum tax is payable by John as he will be age 60 in five years time.*

Tips / Strategies

Those reliant on the co-contribution to top up their super should consider increasing their super contributions to make up for this reduction.

Extension of 50% minimum pension draw down relief from 1 July 2009

The Government will halve the minimum payment amounts for account-based pensions for 2009-2010. Reducing the minimum payment amounts for account-based pensions will assist pension account balances to recover from capital losses from the global recession. This measure extends the pension drawdown relief provided by the Government for 2008-2009. The minimum annual income payment for an account-based pension is calculated as a minimum percentage of the account balance as follows:

Age	Minimum annual payment	Minimum annual payment for 2008-2009 as per Regulations (announced 18 February 2009)*	Minimum annual payment for 2009-2010 as per Government announcement
Under 65	4%	2%	2%
65-74	5%	2.5%	2.5%
75-79	6%	3%	3%
80-84	7%	3.5%	3.5%
85-89	9%	4.5%	4.5%
90-94	11%	5.5%	5.5%
Over 95	14%	7%	7%

**Where a pensioner has already received in excess of the reduced minimum, the minimum in their case will be the amount they have actually received. No refund will be allowed.*

Note: These limits are based on the pensioner's age at the commencement of the pension and at the start of each subsequent financial year.

New Zealand retirement savings portability scheme

The Government has agreed in principle to the signing of a memorandum of understanding (MOU) with New Zealand to establish a trans-Tasman retirement savings portability scheme. This scheme will permit transfers of superannuation savings between certain Australian superannuation funds and New Zealand KiwiSaver funds. Currently, members of Australian superannuation funds may only transfer their retirement savings within the Australian superannuation system. Any transfers permitted by this scheme may commence from a date to be set as part of the MOU.

Social Security

Age pension age to increase to age 67 from 1 July 2017

The qualifying age for the Age Pension and the Commonwealth Seniors Health Card for men and women will increase to 67 years of age from July 2023. The Henry Tax Review report on the retirement income system also recommends aligning the superannuation preservation age with this higher Age Pension age. The qualifying age will begin to increase from July 2017, by six months every two years.

From	New age pension age (years)	Affects people born	Current age (years)
01 July 2017	65.5	1 July 1952 – 31 Dec 1953	55.5 – 57
01 July 2019	66	1 Jan 1954 – 30 Jun 1955	54 – 55.5
01 July 2021	66.5	1 July 1955 – 31 Dec 1956	52.5 – 54
01 July 2023	67	1 Jan 1957 – onwards	52.5 and under

Increase in government support pension amount from 20 September 2009

The single base pension will be increased to 27.7 per cent of Male Total Average Weekly Earnings (MTAWE), from its present 25 per cent of MTAWE. This means that from 20 September 2009 the single basic pension rate will be increased by $30 per week. In addition, from 20 September 2009 the base pension and the Pension Supplement will be increased by -

- $32.49 per week for single pensioners on the full rate of pension; and
- $10.14 per week (combined) for couple pensioners on the full rate of pension.

New pension supplement from 20 September 2009

A new pension supplement will be introduced which will be an amalgamation of the former GST pension supplement, Pharmaceutical Allowance, Utilities Allowance and Telephone Allowance. The new supplement will be available to all income support payments with the exception of Newstart allowance, Special benefit and Sickness benefit recipients. For the new pension supplement the government will provide an increase (included in the increased government support pension amount detailed above) of -

- $2.49 per week increase for singles; and
- $10.14 per week combined increase for couples.

From 20 September 2009 a new seniors supplement will be established for Commonwealth Seniors Health Card holders and veterans eligible for the Gold Card. It is the amalgamation of the former Seniors Concession Allowance and the Telephone Allowance. The single rate of the Seniors Supplement will include an extra $129 a year, to bring it to two thirds of the rate paid to couples combined.

Increase in pension taper rate from 20 September 2009

From 20 September 2009 the income test taper will increase from 40 to 50 cents in the dollar for a single pensioner and from 20 to 25 cents in the dollar for each member of a couple above the allowable income free thresholds. This threshold is currently $138 per fortnight for single pensioners and $240 per fortnight for pensioner couples (combined). Existing part pensioners affected by the income test changes will not have their entitlements reduced by this change and they will receive an increase of $10.14 per week for singles or couples combined. The additional income free area available for those pensioners with children will be abolished to align the pension income test with the allowance and family payments income tests. Age pensioners and service pensioners will have employment income assessed fortnightly, with only half of the first $500 of fortnightly employment income to be counted in assessing their pension entitlement.

Income tested aged care fee to be charged from date of entry

The income tested fee for residential aged care will be charged from the day of entry, removing the current 28 day delay. This will align the residential income tested fee with other aged care fees payable from the day of entry into the aged care facility. The income test itself will not change.

Paid Parental Leave from 1 January 2011

A government funded Paid Parental Leave scheme will be introduced. The parental leave payment will be equal to the federal minimum wage (currently $543.78 per week), and can be for up to 18 weeks. The primary carer must have earned less than $150,000 (income test yet to be defined) for the financial year prior to the child's birth or adoption, and have satisfied a work test. The work test requires the person to have worked at least 330 hours in the preceding 10 months, which equates to one full-time day per week. They must also have worked continuously for 10 out of the 13 months preceding the birth or adoption; therefore the work test cannot be satisfied by only working full-time for two months prior to the birth of a child. The Baby Bonus will not be payable if claiming Paid Parental Leave. Neither will other family assistance payments, such as Family Tax Benefit Part B, dependent spouse, child-housekeeper and housekeeper tax offsets, for the period of payment of the Paid Parental Leave. In the case of multiple births, the Baby Bonus would still be payable for the second child. The payment will form part of the person's taxable income, and can be transferred to another caregiver if the primary carer returns to work.

Pension Bonus Scheme to close to new entrants from 20 September 2009

While the scheme will close to new entrants, existing members may continue to accrue entitlements. Instead it is proposed that 50% of the first $500 per fortnight of employment income will not be counted in the income test.

New carer supplement - first payment is to be made by 30 June 2009 with subsequent payments from 1 July 2010

A $600 pa carer supplement will be payable to eligible carers. All Carer Payment recipients will receive $600 pa. Carer Allowance recipients will receive $600 pa for each person they are caring for. Where a person receives both the Carer Payment and the Carer Allowance, they will be entitled to both payments. The payment will be non-taxable.

Commonwealth Seniors Health Card (CSHC) – income test

The government will remove the inclusion of gross tax-free superannuation pension income in the proposed amendment to the definition of income used for determining eligibility to the

Commonwealth Seniors Health Card. The government will proceed with the inclusion of income that is salary sacrificed to superannuation in the income assessment. Based on this announcement, from 1 July 2009 the definition of Adjusted Taxable Income (ATI) used for CSHC will include:

- Taxable Income
- Fringe Benefit
- Target foreign income
- Net investment losses
- Salary sacrifice super contributions
- Personal deductible super contributions.

Family Tax Benefits changes

FTB Part A to be indexed by CPI *(Date of effect: 1 July 2009)*

This measure will make FTB Part A consistent with other family payments, such as FTB Part B and the Baby Bonus. Currently, the maximum rate of FTB Part A for children under the age of 16 is benchmarked to a proportion of the combined couple rate of pension payments, or adjusted by the CPI, whichever is higher.

Pause to indexation of upper income thresholds of FTB Part A, FTB Part B and Baby Bonus *(Date of effect: 1 July 2009)*

The upper income thresholds for family payments will remain at their current level until 1 July 2012. This includes:

- The FTB Part B primary earner income threshold, which will remain at $150,000,
- The income threshold for receiving the dependency tax offsets, which will remain at $150,000,
- The Baby Bonus eligibility threshold, which will remain at $75,000 of family income in the six months following the birth or adoption of a child (equivalent to $150,000 a year), and
- The higher income-free area of FTB Part A, which will remain at $94,316 of family income (plus $3,796 for each child after the first).

These thresholds would ordinarily be indexed by CPI.

Benefit Type	Income purpose	Cut off threshold
Family Tax Benefit Part B	Income of primary income earner	$150,000
Dependency tax offset	Income of taxpayer claiming the offset	$150,000
Baby Bonus	Combined family income in the six months following the birth of the child	$75,000
Family Tax Benefit Part A	Combined family income before losing entitlement	$94,316 (plus $3,796 for each additional child)

Private Health Insurance Rebate from 1 July 2010

The government has proposed to means test the 30% private health insurance rebate for middle to high income earners according to age. This is going to be achieved through introducing a three tier system with a parallel increase in the Medicare Levy Surcharge rate to penalise taxpayers who do not have eligible private health insurance.

- Tier 1 – Singles with income of more than $75,000 (more than $150,000 for families), the rebate will be reduced to 20%, increasing to 25% at 65 years of age, and to 30% at 70 years. The Medicare Levy Surcharge for not having eligible private health insurance remains at 1%.
- Tier 2 – Singles with income of more than $90,000 (more than $180,000 for families), the rebate will be 10%, increasing to 15% at 65 years of age, and to 20% at 70 years. Medicare Levy Surcharge for not taking out eligible private health insurance will be increased to 1.25%.
- Tier 3 – No private health insurance rebate for singles with income of more than $120,000 (more than $240,000 for families). The Medicare Levy Surcharge for not taking out eligible private health insurance will be increased to 1.5%.

Table of proposed change:

	Current surcharge thresholds (projected 2010-11)	Tier 1	Tier 2	Tier 3
Singles	**$0 - $75,000**	**$75,001 - $90,000**	**$90,001 - $120,000**	**$120,001+**
Families	**$0 - $150,000**	**$150,001 - $180,000**	**$180,001 - $240,000**	**$240,001+**
Medicare levy surcharge	nil	1.00%	1.25%	1.50%
Private health insurance rebate				
Less than 65 years	30%	20%	10%	nil
65 to 69 years	35%	25%	15%	nil
70 years or over	40%	30%	20%	nil

Source: Federal Budget Paper No.2

The current arrangement will remain unchanged for singles with income less than $75,000 p.a. and families with income of less than $150,000 p.a.

The definition of income for this purpose will be same as the definition used for the Medicare Levy Surcharge which includes: taxable income, salary sacrifice super, personal deductible super contributions, net investment losses and reportable fringe benefits.

Extension to the First Home Owners Boost

The government will extend the First Home Owners boost for another six months. The following table summarises the extension of the First Home Owner grant:

Contract date for purchase (inclusive)	First Home Owner grant for established home	First Home Owner grant for new home
1 July 2009 – 30 September 2009	$14,000	$21,000
1 October 2009 – 31 December 2009	$10,500	$14,000
After 1 January 2009	$7,000	$7,000

Australia's Future Tax System review panel recommendations

In addition to the Budget, the Government released the report by the Australia's Future Tax System review panel (chaired by Ken Henry). The press release provides the following summary of recommendations:

- Maintaining the Superannuation Guarantee at 9%, not extending the Superannuation Guarantee to the self employed and retaining the $450 per month threshold,
- Gradually increasing the Age Pension age to 67 years,
- Gradually aligning the age at which people can access their superannuation savings (the preservation age) with the increased Age Pension age,
- Improving the fairness and coherence of the pension means tests, possibly through a single test, and improve incentives to work beyond retirement age,
- Reducing the complexities resulting from the interactions between the tax-transfer system and the aged care sector,
- Maintaining tax assistance to superannuation but improving the fairness of concessions for contributions, including by broadening access to them, and considering whether the current cap on concessions is appropriate,
- Improving the ability of people to use their superannuation to manage longevity risk, and
- Improving the awareness and engagement of individuals with the retirement income system.

At this stage, the Government has only responded to two of the recommendations:

- Supporting a phased increase to the Age Pension age
- Reducing the concessional contribution caps.