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Department of Treasury

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2026-27 Pre-Budget Submission

This Budget - and its strategy for the economy - is being shaped amid heightened global uncertainty and cost-of-living pressures. To deliver greater financial security for all Australians, its key strategic tasks are to further strengthen Australia's economic stability, resilience and growth.

In this context, a clear theme of this Budget should be taking action to further strengthen and safeguard the super of millions of working Australians - and Australia's globally-envied super system. Today, millions of Australian retirees have greater financial independence, a larger buffer against inflation, and are less reliant on the taxpayer-funded Age Pension - all thanks to the creation of compulsory superannuation (super) three decades ago. A combined \$4.5 trillion investment capital pool in super - owned by millions of Australians with its clear purpose to deliver them income in retirement - strengthens and stabilises Australia's economy, driving growth to lift today's living standards and alleviate cost-of-living pressures.

The Super Members Council commends the Australian Government's leadership to strengthen the super system and retirement incomes for millions of everyday Australians including:

- **Lifting the Super Guarantee from 9% to 12%:** A transformative reform that will help every Australian worker to retire with stronger financial security. The rise from 9% to 12% over the past decade will deliver an extra \$132,000 in super for an average working Australian by retirement.
- **Paying Super on Paid Parental Leave:** This will benefit around 200,000 parents (mostly mothers) each year, narrowing the gender super gap for a mother-of-two by a quarter (the gender super gap is currently \$50,000 for those nearing retirement).
- **Legislating Payday Super:** Payday super laws will mean super must be paid at the same time as wages from 1 July 2026, helping to fix the \$5.7 billion in unpaid super denied to 3.3 million working Australians each year. More frequent super payments will also help every Australian with super, boosting the average worker's retirement savings by \$7,700.
- **Promising to Unfreeze LISTO:** The commitment to unfreeze the Low-Income Super Tax Offset will deliver a fairer tax deal to 1.3 million low-paid workers, mostly women. It will mean some lifetime low-paid workers could have up to \$60,000 more in their super by retirement.
- **Legislating the Objective of Super:** Enshrining the purpose of super in law creates a guiding light for all future policy development, ensuring consistent clarity that super's role is to deliver income for a dignified retirement in an equitable and sustainable way.
- **Pledging reforms to stop perpetrators of domestic violence from accessing their victim's super:** Key bipartisan pre-election commitments to close this legal loophole will ensure super inheritance is not a financial reward for perpetrators.

These reforms build on the work of previous Governments to strengthen the foundations of Australia's super system and make it fairer, more inclusive, and secure for all. To continue to strengthen Australians' financial security, SMC recommends Government make these super commitments in the 2026 Budget.

Key 2026 Budget Priorities

1. Keep Australians' super safe

Catastrophic losses of over \$1 billion for 12,000 Australians in the Shield and First Guardian collapses highlight the urgent need for much stronger safeguards in super - especially in higher-risk structures outside of the highly-regulated mainstream super system. The Government should swiftly enact a package of comprehensive strong consumer protection measures to better protect Australians' hard-earned super from financial misconduct. Greater safety for people's life savings cannot afford to wait. This must include stronger oversight and accountability of super investment platforms, managed investment schemes, lead generators, and financial advice. **SMC urges Government to fast-track and fund a comprehensive package of strong super consumer protections in the 2026 Federal Budget.**

SMC strongly opposes a recent government decision to push the cost of these regulatory failures onto low-income working Australians in well-regulated super funds in the mainstream super system. This is particularly egregious given the Government has not included wealthier Australians with self-managed super funds (SMSFs), despite about 80% of existing claims on the scheme relating to advice on SMSFs.



2. End super discrimination against under-18 workers

Currently, over 90% of workers under 18 are not paid super if they work less than 30 hours a week for one employer. This out-of-date exclusion disproportionately harms young women and widens the gender super gap from the very first day of Australians' working lives. Ending this exclusion could mean a typical young woman who works for at least two years has almost \$2,500 in their super by age 18, which could grow into \$11,000 by retirement. This fairness reform would deliver a total of \$405 million more super to 515,000 young workers in 2025-26. The earlier Australians save into super, the more their super has time to compound and grow. **SMC advocates the Government end this discriminatory exclusion in super - and support a phased implementation to manage and minimise the impact on business.**

3. Simplify the path to retirement

System complexity can cost a typical new Australian retiree with super up to \$136,000 over their retirement. Super funds have a crucial role to support Australians to prepare for retirement and make the most of their income, and **SMC advocates three priority Government reforms to ensure they have the tools to do so.**

- **Expedite the long-awaited Delivering Better Financial Advice reforms** - now three years in the making - prioritising key reforms to enable super funds to deliver more actionable advice to their own members and 'nudge' members to take actions at key life stages to strengthen their retirement.
- **Enable greater data sharing between Government agencies and super funds** so more useful real-time retirement income advice can be delivered to Australians preparing for retirement.
- **Let retirees be paid super contributions into their retirement-phase super account** - a reform that would slash current red tape that forces retirees to open a second super savings (accumulation) account and pay two sets of fees if they earn super.

4. Close the gender super gap

Women still retire with 25% less super than men - or \$51,000 less on average. In 2026, SMC will scope further targeted, cost-effective reforms to help boost the super balances of the lowest paid women and help close this gender gap. In the interim, **SMC proposes the Government:**

- **Unfreeze and, importantly, index the LISTO** by automatically pegging it to the tax scales, super rate, and inflation to protect Australia's low-paid workers - most of whom are women - from value erosion. This will ensure fairness and consistency for the poorest and wealthiest Australians alike.
- **Continue to remove barriers to women's workforce participation and boost access to childcare and aged care** - as a key driver of women's lower super is time spent out of the paid workforce due to caring responsibilities.
- **Make super splitting fairer for couples who divorce outside of court by introducing transparency improvements in non-court settlements.** Currently, super splitting occurs in less than a third of divorces.

Complementing the work of Government and Parliament, the Super Members Council will continue its leadership role to propose further ways for policymakers to strengthen and safeguard super, informed by our rigorous evidence base and expert analysis. Our ongoing priorities include:

- **Keeping super strong for all Australians:** We protect the key policy principles of preservation, compulsion and universality - which are critical to ensure the system's strength and sustainability for future generations.
- **Engaging and educating Australians on super:** We strengthen Australians' financial literacy so they can make the most of their super. Australians who understand super are up to six times more likely to take actions to boost their savings and strengthen their retirements.
- **Forging simpler, smarter pathways into retirement:** We help to design smarter, smoother pathways into retirement to make that crucial transition an easier, clearer and more intuitive one for the 2.8 million Australians set to retire in the next decade.
- **Light the way to a more universal super system:** We undertake sophisticated data modelling and analysis to design smart policy approaches to achieve full universality in super. While more than nine in ten working Australians now has super, some groups like carers still miss out. Our work helps policymakers identify how best to close these gaps so that all working Australians can have a stronger retirement.

We would be delighted to share additional expertise on the key policy proposals we have set out in this submission to further strengthen and safeguard super for all Australians - and make it even fairer.

Misha Schubert, CEO, Super Members Council