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Investors welcome call for 12% super guarantee

The Australian Investors' Association has welcomed incoming Investment and Financial Services Association executive John Brogden's call for a 12 per cent super guarantee.

AIA President Jolyon Forsyth said an increase in the minimum compulsory super contribution from 9 per cent to 12 per cent would be a win for all investors.

"AIA supports the proposed increase because it will boost the value of Australians' superannuation investments," he said.

"An increase in super contributions also highlights the importance of people investing in their own future."

Mr Forsyth noted that many ordinary people's superannuation balances have been smashed by the Global Financial Crisis diminishing their dream of self-funded retirement.

"Many people planning for retirement have just seen their superannuation balances shrink by 30% of more. Worse yet, low interest rates and decreased company dividends mean that their remaining superannuation savings are producing a lower return," he said.

The AIA also note Mr Paul Keating's 6 August 2008 comments calling for an increase, where he said, "Unless we get the adequacy back to 15 per cent and we put in there a clear incentive to go to annuities ... we will go to a destitution model."

"Mr Brogden's sensible call for an increase to 12 per cent, rather than 15 per cent, is a clever compromise that the Australian Government would be well advised to consider," Mr Forsyth said.

Mr Forsyth said that the Investment and Financial Services Association's recent commitment to scrap commission payments to financial advisers will also help to restore people's faith superannuation industry.

But he warned that an increase in super contributions must be accompanied by more education opportunities for Australians to learn about investing.

"A greater emphasis must be placed on education for all investors, particularly if their investment in superannuation is to increase," Mr Forsyth said.

"Australians need to understand the best ways to make their superannuation investments work for them."

The AIA National Investors Conference will be held at Surfers Paradise Marriott Resort and Spa, Gold Coast from 26 to 29 July.

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