



Media Release

RETIREES CALL FOR FAIRER SUPER TAX CHANGES

The Australian Independent Retirees (AIR) welcome recent amendments to the proposed superannuation Division 296 legislation, but say retirees remain exposed to unfair and inequitable outcomes.

AIR Chief Advocate Wayne Strandquist said retirees acknowledge the Government's response to key concerns with the original proposal, particularly the taxing of unrealised gains and the lack of indexation of the \$3 million threshold.

"However, the current amendments do not sufficiently protect people who have already structured their retirement under long-standing rules," Mr Strandquist said.

AIR is calling for the legislation to grandfather an exemption for Australians aged 65 and over from the new provisions. This cohort entered retirement based on pre-existing superannuation and tax settings and has limited capacity to adjust financial plans.

"People over 65 complied with the rules in place at the time," Mr Strandquist said. "Once you are retired, it is more difficult to unwind or restructure financial arrangements. Applying new tax settings to those already in retirement is effectively retrospective and fundamentally unfair."

AIR also raised concerns about equity within the proposed tax, particularly for couples. Under the proposed framework, one partner may exceed the \$3 million threshold and incur Division 296 tax while the other holds a significantly smaller balance.

"There should be a mechanism that allows couples to rebalance superannuation accounts," Mr Strandquist said. "This is an equity issue, as women are more likely to retire with lower super balances due to interrupted work patterns and caring responsibilities."

"Additional concerns include the absence of tax refunds when losses on superannuation earnings occur, and administrative complexity that undermines confidence in the system at a time when stability is essential for retirees," Mr Strandquist said.

"AIR urges the Government to reconsider the legislation to ensure it delivers a genuinely fair and equitable outcome for Australians who are already retired."

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