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12% super needed to deliver a dignified retirement for all working Australians

Moving to 12% superannuation is vital to ensure that all working Australians achieve a dignified standard of living in retirement, the **Australian Institute of Superannuation Trustees (AIST)** said today.

Responding to a report released today by the Grattan Institute, **AIST CEO Eva Scheerlinck** said Australians living longer in retirement; the changing nature of work; rising aged care and health costs; and declining home ownership rates in retirement were key reasons why ordinary working Australians would need 12% super to retire with dignity.

Ms Scheerlinck said leaving super at 9.5% would consign low income workers – as well as millions of women and men with broken work patterns – to financial hardship in retirement. It would also lead to more Australians needing to rely on the Age Pension.

“Why should low income earners and women in unpaid work caring for children or other family members suffer financial stress in retirement?” Ms Scheerlinck said. “It’s not fair and we can do better.”

Ms Scheerlinck said while the Grattan analysis correctly identified that more needed to be done to help the growing cohort of non-home owning retirees, providing more rental housing assistance, while welcome, would not be enough.

In 2017, AIST’s report – *No place like home; the impact of declining home ownership in retirement*, noted the impact of Australia’s falling home ownership rates on the retirement wellbeing of future generations.

The report found that more people were retiring with mortgage debt or having to rely on private rental housing, with twice as many retired households paying more than 30% of income for housing.

“Older retirees who are forced to rent – many of them single women – deserve both housing security and a decent income,” Ms Scheerlinck said. “An extra \$25 a week in rental assistance – while welcome – is not going to make as big a difference as 12% super.”

Ms Scheerlinck said AIST agreed with Grattan that the Age Pension asset test needed to be revised and that more should be done to ensure a fairer distribution of the super tax concessions.

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AIST is the peak body for the \$1.2 trillion profit-to-member superannuation sector which includes industry, corporate and public-sector funds.