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AIST cautions against lifting the Pension age

The Australian Institute of Superannuation Trustees (AIST) has cautioned against lifting the Age Pension age to tackle the costs of Australia's ageing population

Commenting on the Productivity Commission's suggestion that raising the pension qualifying age to 70 might be necessary to avoid a future budgetary crisis, **AIST CEO Tom Garcia**, said Australia's response to the economic challenges of its ageing population needed to be carefully considered as part of a broader examination of the long-term sustainability and equity of Australia's three pillar retirement savings system.

"We welcome debate on ways to boost productivity and ensure that our nation is able to meet the funding challenges of an ageing population, Mr Garcia said. "There are many levers to pull and raising the Age Pension age may not be the best one and shouldn't be considered in isolation," Mr Garcia said.

Mr Garcia said while some Australians chose to work past the Age Pension qualifying age, jobs were not always there or even appropriate for older workers, particularly those in physically-demanding jobs.

"Lifting the retirement age in isolation is a very blunt measure that could unfairly penalise low income earners and manual workers who tend to be more reliant on the Age Pension," Mr Garcia said. "The so-called age-quake is a complex issue that needs careful consideration to ensure we have the right settings in place for the long term".

Mr Garcia said the Productivity Commission's focus on the costs of an ageing population reinforced the need for the Superannuation Guarantee rate to be lifted to 12 per cent.

"The quicker we move to a super rate of 12 per cent the quicker we will move to a position where less Australians in retirement are fully reliant on the Age Pension".

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AIST is the peak industry body for the \$600 billion not-for-profit super sector which includes industry, corporate and public sector funds covering the super interests of nearly two-thirds of the Australian workforce.