

15 April 2014

Working longer may not work for all: up to 40% of Australians don't get to choose when they retire

The peak super body for the not-for-profit super sector – **the Australian Institute of Superannuation Trustees (AIST)** - today warned that any rise in the retirement age must be accompanied by measures to protect older Australians who are unable to work longer.

AIST CEO Tom Garcia said those advocating reforms to the Age Pension and access age for superannuation needed to consider that a substantial number of older Australians did not get to choose the timing of their retirement.

“The sustainability of the pension and superannuation system is vitally important but, at the same time, we mustn't ignore the reality that a disturbing number of older Australians are forced out of work early,” he said. “Timing retirement is a lottery – millions of Australians don't get to choose when they exit the workforce and our retirement policies need to deal with real people, not just numbers.”

According to a **research report commissioned by AIST and prepared by the Australian Centre for Financial Studies (ACFS)**, up to 40 per cent of older Australians could be classified as involuntary retirees, if roles involving caring for others are considered.

The research, which analyses retirement trends of Australians, highlights that age discrimination, ill health, job type, low levels of education, poor English proficiency and caring demands are key determinants for involuntary retirement. Those working in community and personal services, in clerical and administrative roles, sales workers and labourers are between 50 and 35 per cent more likely to retire before the age of 60 than professional workers.

Mr Garcia said the median superannuation balance among workers aged between 50 and 65 was currently around \$45,000 and more needed to be done to help older workers stay in the workforce longer so that they had a better chance of building their retirement savings before they reached old age. Equally, there needed to be recognition that those who retired early due to ill-health were often hit with additional health-related expenses that put pressure on their savings.

Mr Garcia said that any corresponding move to lift the super access (preservation) age also needed to take into account the high numbers of involuntary retirees.

“If it is inevitable that the preservation age is lifted in line with a higher retirement age, there may be a need to consider the merit of early release provisions for those in genuine need who meet specific criteria to determine involuntary retirement,” he said.

Further media enquiries:

AIST CEO TOM Garcia: 0433 687 850: AIST Media Manager Janet de Silva: 0448 000 499

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.