

2 May 2014

Changes to retirement policy and the Age Pension must not be piecemeal

The Australian Institute of Superannuation Trustees (AIST) has today cautioned the Government about making piecemeal changes to the nation's retirement income policies following the release of the National Commission of Audit report.

AIST CEO Mr Tom Garcia said while AIST recognised the need to improve the long-term sustainability and equity of the nation's retirement income system, changes to the Age Pension and superannuation tax concessions should not be considered in isolation but rather as part of a wider review of our retirement incomes system.

"Until we have a considered community debate about what we expect our superannuation system to deliver for individuals in retirement and, particularly, what is accepted as an 'adequate' retirement income, it's premature to be outlining a timetable to reduce the Age Pension," Mr Garcia said.

"When it comes to fair and sustainable retirement policy, we need to think about all the policy levers that can be adjusted, not just one or two".

Mr Garcia said AIST supported the principle behind recommendations in the Audit report to link the Age Pension age to longevity and to benchmark the Age Pension age to the superannuation preservation age, as well as the principle of a single means test for the Age Pension.

"The notion of providing clear benchmarks for retirement policies is a sensible move because it will take the politics out of the equation and lead to more certainty. The hard part is getting the settings and the timing right," Mr Garcia said.

"We need to be very careful about reducing indexation of the age pension, because over the long term the compounding effect naturally has a huge impact on the buying power of the Age Pension."

Mr Garcia said care needed to be taken to ensure retirees and older Australians who had missed out on a lifetime of super were not penalised and he urged the Government to reassure this group that they would be eligible to receive adequate support from the Age Pension in retirement.

"The sustainability of the pension and superannuation system is vitally important but, at the same time, we can't ignore the reality that for the next few decades millions of Australians will be heavily reliant on the Age Pension in their retirement because the super system is still only half way to full maturity," Mr Garcia said.

Mr Garcia said it was also important to recognise that a disturbing number of older Australians were forced out of work early and did not get a choice on the timing of their retirement.

"Policies are meant to improve people's lives so any changes affecting access or eligibility to the Age Pension or superannuation shouldn't be about punishing disadvantaged and vulnerable Australians."

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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.

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