

## Let's get real about super – busting the \$1 million retirement myth

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**The Australian Institute of Superannuation Trustees** and Australia's biggest super fund, **AustralianSuper** are calling for a 'super reality check' to ensure Australians have a better understanding about the level of income they can expect in retirement.

Releasing a paper entitled '*Busting the \$ 1million retirement myth*', **AIST CEO Tom Garcia** said recent claims that super balances of \$1 milion or more were needed for a comfortable retirement were causing unnecessary fear and concern among many older Australians approaching retirement.

"It's time to get real about super and ensure all Australians have a far better understanding of the sort of income they can expect in retirement," Mr Garcia said. "Super doesn't exist in a vaccum. Most people approaching retirement will draw an income that is a combination of both super and the Age Pension."

Mr Garcia said that all too often commentators ignored the role that the Age Pension played and would continue to play in to boosting retirement income.

"The reality is that most Australians – including most of those starting out in the workforce today – will not retire with the equivalent of \$ 1 million in super. We need to stop focusing on the needs of a privileged few and start talking about how relatively small balances of super can still make a big difference to the quality of life in retirement."

AIST's paper shows that a super retirement balance of \$150,000, for example, delivers an additional \$163 week on top of the Age Pension – a 38 per cent increase. Meanwhile a worker on the median income of \$55,000, can expect to retire with a tax-free retirement income of \$34,000 – which is 79 per cent of his or her take home pay.

AustralianSuper Chief Executive Ian Silk said members were getting mixed messages about the sector which was causing disengagement and uncertainty.

"The key point for people to appreciate is that even relatively modest super balances can make a meaningful contribution to an adequate retirement income when combined with the Age Pension," Mr Silk said.

"So rather than despair, workers with \$100,000, or even \$50,000 in their super accounts should take heart. The super savings they've accumulated give them options they might not realise. "

“The combination of Age Pension and an income stream taken even from a relatively modest super balance of \$100,000 will boost a retirees’ weekly income by \$110, enough to meet the modest retirement standard.”

The AIST paper estimates that a typical balance of those approaching retirement in an industry fund is about \$100,000 and that less than 5 out of every 1000 super fund members have \$1 million or more in their super.

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***AIST is the peak industry body for the \$650 billion not-for-profit super sector which includes industry, corporate and public sector funds.***

***AustralianSuper manages more than \$91 billion of members’ assets on behalf of more than two million members from across 210,000 businesses. One in 10 working Australians is a member of AustralianSuper.***