

AIST calls on government to rule out increasing pension age to 70

The Australian Institute of Superannuation Trustees (AIST) has backed calls for the Government to formally rule out its proposal to lift the Age Pension eligibility age to 70.

AIST CEO Tom Garcia said Australia's retirement income policies needed to recognise that many individuals would not be in a position to work until age 70.

"While we acknowledge that there is a trend for Australians to live and work longer, this isn't evenly spread across all workers," Mr Garcia said. "Raising the Age Pension age is a very blunt tool that will hurt a lot of older workers who may be forced to retire by factors outside their control."

Research conducted by the Australian Centre for Financial Studies and AIST found that up to 40% of older Australians do not get to choose when they retire due to a range of factors, notably age discrimination, ill health, poor English proficiency and caring demands.

"We think it is unfair and unrealistic to expect every Australian to work until they're 70. This isn't going to be the reality for many people, particularly those in physically demanding jobs, so this issue needs to be tackled by our Government rather than put on the backburner," said Mr Garcia.

Noting that Australia's expenditure on age and service pensions was much lower than almost every other OECD country, Mr Garcia said gradually increasing the Age Pension eligibility age to 67 sufficiently reduced long term pressure on the budget and was an adequate response to the long-term challenges of an ageing population.

The Government's proposal to lift the Age Pension eligibility age to 70 – whilst yet to be legislated – was acknowledged in modelling that accompanied last year's Budget papers. It was first proposed in the 2014 Budget.

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AIST is the peak industry body for the \$700 billion profit-to-member super sector which includes industry, corporate and public sector funds.