

The Federal Government has stated in policy documents and other communications that it recognises that many self-funded retirees are not wealthy and are under financial pressure and that by looking after their own retirement needs save the Commonwealth Budget considerable pension costs; the Government has, however, acted contrary to this philosophy and not provided the support it has committed to provide.

Also the action of successive Federal Governments has been to change and readjust Australia's income policy and particularly little has been done to modify the current restrictive retirement (drawdown) phase of superannuation.

With superannuation, the Federal Government <sup>1</sup> says it is committed to:

1. Australia's three-pillar retirement system: an aged pension as a safety net, a compulsory system of retirement saving through superannuation, and tax incentives for voluntary savings; and
2. encouraging as many Australians as possible to actively plan and save for their retirement, to take full advantage of the benefits the superannuation system provides and to work toward a self-funded retirement.

A.I.R. supports the three pillar policy and encouragement of all Australians to actively provide for their retirement but believes that recent Governments have not kept faith with retirees, and acted outside the bounds of their stated commitment.

We now have a situation where the average self-funded retiree no longer qualifies to receive financial concessions, health care and aged care as a result of means testing of the income and assets test. A full review of Australia's retirement incomes policy is needed to ensure greater equity for all retirees. AIR is opposed to any change to superannuation, welfare and pension arrangements that negatively impact on retirees. AIR will consider proposals which form part of a comprehensive review of retirement incomes and make decisions on them at that time.

However the outcomes of any review must not disadvantage current retirees and those soon to retire. Further changes must include grandfathering and transitional provisions to protect those retirees whose retirement income is based on the current rules.

A.I.R. will continue to advocate on behalf of its members on policy positions across the following four core areas to advance and protect their interests and independent lifestyles:

1. Financial
2. Aged Care
3. Health Care
4. Social Wellbeing

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<sup>1</sup> Senator Hon Mathias Cormann Minister for Finance 21 July 2014 -: *Foreword : Review of retirement income stream regulations* – Australian Government– Discussion Paper

### Policy Position Summary:

#### 1. Financial:

- a. That the age and work tests for retirees 65 years and over to set up and pay into superannuation be abolished.
- b. That the Federal Government acknowledges the financial impact on retirees from the rapidly increasing costs of government services and works with State, Territory and Local Government agencies to manage the cost of living pressures on retirees.
- c. That Federal Government regulations be reviewed to limit or eliminate the excessive use of Superannuation and Income Stream Products as a means of taxation minimised estate planning.
- d. That the Federal Government modifies the mandatory drawdown levels of income stream superannuation products to take account of increased longevity.
- e. That the Federal Government simplifies the regulations for the management of self-managed superannuation funds and the regulation of funds in the retirement (drawdown) phase with a view to reducing compliance fees.
- f. That the Federal Government, as it has in the past, reduces the mandatory drawdown percentage for income stream retirees, in difficult national economic circumstances.
- g. That there be no further changes to the eligibility criteria for the Commonwealth Seniors Health Card.
- h. That there be no changes or broadening of the GST without adequate and full compensation to offset any increase in the cost of living for those Australian who are retired and have limited fixed incomes.
- i. A.I.R. recognises the changing situation with regard to the preservation age and will advocate for minimisation of the impact of changes to those approaching retirement.

#### 2. Health:

- a. That the Federal Government reinstates the former aged-based rebate percentage for Private Health Insurance.
- b. That the PBS Safety Net threshold for single retirees be set at 65% of the couples / families threshold level or at the same % difference between the threshold income limit to receive the age pension for a single person and a couple.

- c. That eligibility for the Commonwealth Seniors Health Card for single retirees be set at % difference between the threshold income limit to receive the aged pension for a single person and a couple.
- d. That the Federal Government acknowledges the financial impact on retirees from the rapidly increasing costs of healthcare and works with State and Territory Governments to manage the healthcare cost pressures on older Australians.
- e. That there be a fundamental rethink of the funding mechanisms for health care in Australia to address the short and long term need to preserve effective and efficient Medicare and Private Health Insurance.
- f. That the Government introduce incentives to medical specialists to provide bulk billing to Age Pensioners and Commonwealth Seniors Health Card holders, as is provided to GPs.
- g. That the National Health Reform Agenda be reconsidered to provide better and more affordable access to the services.
- h. That the eHealth initiatives, including the Personally Controlled Electronic Health Record, current proposals be progressed.

### **3. Aged Care:**

The Aged Care Reform program which commenced on 1 July 2014 has made significant change, however:

- a. there needs to be ongoing review and reporting on the impact of the fees and charges within the new regime on retirees;
- b. the equity, fairness and reasonableness of the cost of residential care for part pensioners and self funded retirees should be reconsidered at the 2017 review;
- c. Federal Government aged care regulations must not reduce the ability of non-profit organisations to maintain and increase residential care facilities.

### **4. Social Wellbeing:**

- a. That all 410 visa holders who have resided in Australia for 10 or more years become entitled to permanent residency and able to become Australian Citizens.
- b. That A.I.R. supports the position of British Pensions in Australia (BPiA) in seeking the annual worldwide indexation of UK pensions