



## MEDIA RELEASE

### Government Needs to Review Retiree Drawdown Requirements

The Association of Independent Retirees (A.I.R.) strongly supports the recommendations in the recently Morningstar report on retirees' income to temporarily reduce the minimum annual financial drawdown requirements for account based pensions in view of the current very low returns on superannuation retirement investments.

A.I.R. agrees that the Government should halve the minimum age-related income drawdown percentage as was done during and after the global financial crisis several years ago.

The Morningstar paper *Safe Withdrawal Rates for Australian Retirees* also recommended to the Government that it should modify the mandatory age related percentage minimum income drawdown. For example, retirees aged 80 to 84 must drawdown 7% of their superannuation account each year, and most retirees of that age would be earning only half of that on their investment. Change in this area would assist independent retirees who are now living longer, to remain independent of the age pension for a longer time. A.I.R. has advocated this policy position with Government for a number of years.

"There is also a need for the Government to start and implement an increase to the age brackets to which the minimum percentage is applied to reflect the changes that are occurring with the preservation age and age pension qualification age," said Bruce Lloyd, Deputy President of the Association.

The Association acknowledges that these changes would not assist every independent retiree but would benefit the majority whose assets are not much above the cut off limit for the part age pension.

"A.I.R. agrees with the Government's stated position that superannuation should not be a means of transferring wealth to the next generation," Mr Lloyd said.

"However with people living longer and with dramatically lower returns on retirement investments at the present time, some amelioration is necessary to avoid retirees depleting their retirement assets too quickly, necessitating them to resort to the age pension," he said.

For further information, contact Sue Hart on 02 6290 2599.

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*The Association of Independent Retirees (A.I.R.) Ltd is a member-driven national, not for profit, non-political organisation which works to advance and protect the interests and independent lifestyle of Australians in retirement. A.I.R. seeks to secure recognition and equity for Australians who, through their diligence and careful management, fully or partly self-fund their own retirement needs.*