



**independence
matters**

Association of
Independent Retirees

Media Release

RETIREES NEED FINANCIAL CERTAINTY IN RETIREMENT

The Association of Independent Retirees (AIR) welcomes the “Review of the Retirement Income System” announced by the Federal Treasurer last Saturday. However, “In conducting the Review the Association seeks certainty for those in retirement so they will not be adversely affected by any changes made to existing retirement income legislation,” said Mr O’Callaghan, Director of the Association of Independent Retirees (A.I.R.) Limited.

AIR is particularly concerned that retirees who have set in place their retirement investments prior to their retirement, are not subjected to any changes to current legislation that would adversely impact on their retirement income. “Changing the ‘goal posts’ on legislative arrangements for Australians who have already retired and are partly or fully self-funding their retirement, should not be an option for the Review,” said Mr O’Callaghan.

The objectives of the Review to ensure that the Retirement Income System gives Australians, including self-funded retirees, adequate retirement incomes, and that the system is fiscally sustainable and provides appropriate incentives for self-provision in retirement, are fully supported by the Association. “However retirees need certainty in planning for their retirement and AIR seeks an assurance from the Government that retirees will not be affected by any proposed changes that adversely impact on their retirement income,” said Mr O’Callaghan.

“Members of AIR look forward to the Review independent panel considering ways of improving the efficiency and competitiveness of superannuation and encouraging a greater percentage of the working population to partly or fully fund their retirement”, said Mr O’Callaghan.

The outcomes of the Review need to ensure that sufficient incentives apply to encourage more Australians to provide for their retirement through superannuation and private savings to assist reduce pressure on the Federal budget that is being stretched to cover the escalating cost of the Age Pension, increasing longevity of retirees and escalating health and age care costs.

AIR notes that a consultation paper will be released in November this year and looks forward to raising a number of issues that should be addressed in the final report including:

- retirees having an adequate level of income that provides for at least the standard of living experienced prior to retirement
 - retention of investment incentives that are considered fair, including superannuation concessions, franking credits on Australian equities, negative gearing on investment properties, and the current 50% discount on capital gains tax
 - allowing workers who were self employed or no superannuation, to sell privately held assets exempt of capital gains tax up to a defined cap, and purchase a tax-free retirement income stream product
 - improving information that assists retirees benchmark their superannuation performance and private investment yield
 - providing assistance with alternative low risk investment opportunities in times of low fixed interest such as being currently experienced
 - broadening the current age based percentage drawdowns for account based income stream pensions with a broadening of the age ranges and a lowering of the minimum drawdown percentages once a retiree has reached 75 years of age
 - adjusting deeming rules to better relate to a low investment environment
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It is important that the Review establishes a fact base of the current retirement income system covering the Age Pension, compulsory superannuation and private retirement investment to ensure that there is informed public debate on recommendations proposed by the Review panel. “Any new legislation concerning the three pillars of Australia’s retirement income system resulting from the Review, should be based on fairness, transparency and certainty,” said Mr O’Callaghan.

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