



## MEDIA RELEASE

### Superannuation – Drawdown Requirements Need to be Reconsidered

The Association of Independent Retirees, (A.I.R.) is seeking a commitment to a reconsideration of the current aged based % drawdown requirements under the proposed introduction of a cap limiting assets with a tax free retirement income stream pension plans.

A.I.R. Executive Officer, Sue Hart, said that with the current forecast for many years of a 2% cash rate and continuing very low Government Bond rate there is a need for the introduction of a temporary 50% cut as was introduced some years ago. In addition some special consideration should be given to retirees who have a combination of income stream products like an account based pension and a Defined Benefit Pension.

“With the introduction of the asset cap for a superannuation pension fund and the increasing longevity of people in retirement, there is a need for a bi-partisan agreement to lengthen the periods of the current age-based % drawdown requirements and lowering the % for those after they have reached 75 years of age,” Ms Hart said. “For example:

Current Age of pension account-holder	Current Percentage factors	Change age range to	Proposed new percentage factor
Under 65	4%	Under 65	4%
65 to 74	5%	65 to 79	5%
75 to 79	6%	80 to 90	6%
80 to 84	7%	90 to 95	7%
85 to 89	9%	95 and over	10%
90 to 94	11%		
Aged 95 or older	14%		

Given the \$1.6 million limit on transfers into a superannuation pension fund proposed by the Coalition or the tax on earnings above \$75,000 in any year on a superannuation pension fund, it is reasonable to reconsider the need for these minimum withdrawals.

“The cost to the elected Government in introducing this measure will be zero,” Ms Hart said. “In addition there will be a positive budgetary impact as it will reduce the cost of the part Age Pension for older retirees who are faced with a rapid reduction in assets and substantial impact on their returns from the need to liquidate assets to fund an unnecessary increasing drawdown requirement.

For further information, contact Sue Hart, Executive Officer 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.*