



MEDIA RELEASE

Independent Retirees Federal Budget Proposals are Targeted and Practical

The Association of Independent Retirees (.A.I.R.) has submitted its 2018-19 Pre-Budget submission to the Federal Government, detailing 12 changes to Government Policy that are both targeted and practical.

They cover the areas of greatest concern to Retirees who have saved for their retirement and who are seeking fairer treatment in superannuation, private health insurance, home care and residential aged care accommodation.

A.I.R. notes that while the Government has put in place reduced caps on superannuants accounts before there is loss of a part pension or before tax is incurred, it has not recognised the impact of increasing longevity on the compulsory drawdown requirement for those with an account based pension.

A.I.R. is calling for the mandated minimum percentage drawdown rate for retirement income stream pension products as at 1 July each year to be reduced across the retirement spectrum. For example a reduction from the current 7% for 80 to 84 year olds and 9% for 85 to 89 year olds be revised to 6% per annum minimum percentage drawdown from their incoming generating assets for those from 80 to 89 years.

Such reductions take into account not only retirees living longer, but also the conservative investment pattern of retirees and the reality that the family home and not the super account is the main generational transfer.

Health insurance is a very high priority for retirees and it is wrong that the Government is discouraging rather than encouraging senior Australians to retain their insurance, particularly now that the Government will provide an incentive for the young to take out health insurance. The problem is due to a change in Government policy in 2013 to reduce the annual premium rebate to the lower CPI increase from the more realistic annual health cost increase. A.I.R. again urges the Government to restore the value of this over 65 concession.

The Federal Government's actions on home care and residential aged care are positive but A.I.R. would like the implementation accelerated to cover the demographic increase in retirees, particularly elderly ones due to longevity and as a consequence frailty.

The first step is to encourage people to stay at home for a longer period which would require more Level 3 and 4 Home Care Packages and a new higher degree Level 5. To ensure that the cost gap of residential accommodation between pension/part pension recipients and those outside this safety net, does not become intolerable, the Government needs to exclude the family home from any means testing and maintain the current annual and lifetime cost caps on self-funded retirees in residential accommodation.

There is also a need to require the same professional standard of consultants providing advice on aged care alternatives as that required for those providing retirement and financial advice.

Overall a modest, practical and positive series of proposals, which if accepted will help regain the trust of retirees which has been damaged by successive Government action on superannuation.

For further information, contact, please contact Alan J Marshall, A.I.R. National President on 07 3012 6655 / 0418 910 100; email alan@kairosgroup.com.au.

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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.