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Actuaries Institute welcomes FSI focus on retirement income policy

The Actuaries Institute today welcomed the Financial System Inquiry's identification of the major issues impacting the superannuation system and the broader financial system's regulatory framework.

The Actuaries Institute's CEO, David Bell, said the interim report recognised a number of priority areas identified by the Institute's submission to the Inquiry.
"In particular we welcome the Inquiry's observation around the need for policy changes to encourage a greater use of retirement income stream products to overcome longevity risk.

"Our view is that without public policy changes demographic developments will adversely affect society's ability to finance a desirable standard of living during retirement. Today's interim report makes an important contribution to ensuring Australia can manage the challenges we face as the population ages over the next 30 years."

"The Actuaries Institute will continue to work with the FSI to ensure that the final recommendations will assist Australians to better plan for their retirement including having access to a wider range of income choices."

In addition, the Actuaries Institute supports the FSI's observations around the need for a mechanism to develop a comprehensive policy framework to manage retirement income issues.

"Changes to the retirement income system cannot be undertaken in isolation without consideration of age pension costs, aged care costs and all sources of potential funding, including housing wealth," Mr Bell said.

"We also support the option for increasing the role, transparency and external accountability of the Council of Financial Regulators to better coordinate regulators across the sector."

The Institute's submission to the FSI predicted that savings and infrastructure development will boom as superannuation assets soar to $5 trillion (in real terms) over the next 30 years. Its submission predicted superannuation assets will grow to 160% of GDP by about 2040 then plateau as superannuation savings enter the pension phase.

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