

## **BUDGET 2015: ACTUARIES INSTITUTE URGES FOCUS ON LONG-TERM STRUCTURAL REFORM**

The Actuaries Institute said tonight Australia faces ongoing intergenerational economic and social issues which should not be ignored by politicians and the Government. More effort is needed to integrate tax reform, superannuation and the Age Pension, ensuring a meaningful and long-lasting reduction in the budget deficit and underpinning the adequacy of retirement incomes, the Institute said.

Estelle Pearson, the President of the Institute, said policymakers should use the current Taxation Review process and the 2014 Financial System Inquiry recommendations to develop a cohesive and coherent superannuation policy that is better integrated with the Age Pension and is built on a sustainable platform for the future.

“Bipartisan support is absolutely essential if we are to avoid the persistent tinkering with the system that undermines the confidence of Australians who are saving for their retirement,” Ms Pearson said.

While the Institute supports changes to the Age Pension taper rate and means test thresholds, announced last week, regular changes of this type will deter Australians from saving for their retirement.

“There is a fine line for means and assets testing that if crossed will channel consumption away from retirement savings and exacerbate the pressure on future budgets. That is why we need agreed objectives for our retirement income system and a policy framework that allows Government to make changes that improve the whole system,” Ms Pearson said.

The Actuaries Institute believes the following specific measures are needed.

- A coherent overarching retirement income framework with clear objectives to reduce the incidence of short-term policy changes that can affect Age Pension, aged care and health care benefits and costs.
- An eventual increase in the Superannuation Guarantee to 12%, from 9.5% currently.
- Provide incentives to take retirement benefits predominantly as an income stream, and also for mortality pooling to assist retirees to maintain their retirement income throughout life.
- Increase the Preservation Age, for example it could be increased to age 62 by 2023 based on the current phased increase in the Age Pension age to age 67 by then.
- Remove impediments that discourage older Australians from staying at work.
- Link changes in the Age Pension eligibility age to improvements in life expectancy.

### **Contact**

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