



Actuaries Institute welcomes Productivity Commission report

Tuesday 1 December, 2015

- **Smart thinking needed to enable willing retirees access to home equity**
- **Institute prepares own report on measures to improve retiree living standards**

The Actuaries Institute today called on the Government to carefully assess home equity options that could help Australian retirees secure a modest standard of living.

Catherine Nance, a PWC partner and head of the Actuaries Institute's Housing Working Group, said she hoped many of the insights contained in the Productivity Commission's "Housing Decisions of Older Australians" report would be recognised and understood by Government and the community.

"The Commission's report recognises retirees' housing wealth is significant and can support a modest lifestyle for older Australians but there are constraints to accessing that wealth," Ms Nance said.

"Some smart thinking is needed about how to remove impediments to allow retirees to make better use of their housing wealth," she said.

"This is particularly so due to doubts about the ability of superannuation to provide a sustainable and comfortable income for most Australians over the life of their retirement, given increases in longevity risk whereby many Australians may outlast their savings," Ms Nance said.

She welcomed the Commission's recommendation that there be principles-based legislation, adding that the Institute also supports the introduction of protection measures against the potential for financial abuse of the elderly.

"The Institute engaged with the Productivity Commission early on as it laid the groundwork for its report into an area which is complex and potentially fraught for policymakers and consumers," Ms Nance said.

The Institute will soon issue its own policy paper on home equity that will contain specific policy recommendations dealing with the release of part or all of the equity stored in family homes to defray ageing costs.

"The Institute's paper is not primarily concerned with reducing government expenditure on age-related services although that is likely to be an outcome.

"The recommended policy changes aim to remove some of the impediments that constrain older Australians from accessing part or all of their housing wealth, if and when they require it, to improve their standard of living in retirement," Ms Nance said.

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About the Actuaries Institute

As the sole professional body for Members in Australia and overseas, the Actuaries Institute represents the interests of the profession to government, business and the community. Actuaries assess risks through long-term analyses, modelling and scenario planning across a wide range of business problems. This unrivalled expertise enables the profession to comment on a range of business-related issues including enterprise risk management and prudential regulation, retirement income policy, finance and investment, general insurance, life insurance and health financing.