

Media Release

Rudd Government Prioritises Retirement Income Adequacy

The Rudd Government today demonstrated strong national leadership in prioritising a review of Australia's retirement income system.

"It is sound public policy to consider superannuation and age pension issues at the same time", said IFSA CEO, Richard Gilbert.

"The age pension plays an important role in delivering a basic retirement income to Australians, but it is the superannuation system which holds the key to improving the quality of life of Australians retiring in the future and improving the long-term fiscal sustainability of the Australian Government."

A key message of the Intergenerational Report 2007 is that Australia needs to reduce its reliance on the age pension system.

The Review Panel should also closely examine legislative and regulatory barriers to innovative retirement income products being offered to Australian retirees who wish to insure themselves against market movement and longevity risks.

"A priority should be assisting the 2.4 million Australians that Treasury's *Architecture of Australia's Tax and Transfer System* paper estimates receive little or no benefit from the tax rate applied to their compulsory superannuation contributions."

"This is a serious flaw in Australia's taxation arrangements and could be addressed through rebating superannuation contributions tax paid by low income earners."

"While population ageing is a slow process, many of the policy changes to address this challenge will take time to have some effect. Steps therefore need to be taken as soon as possible to address challenges that we will face in 20 to 30 years time", concluded Mr Gilbert.

For further information please call Richard Gilbert on 0417 247 998 or Daniel Caruso, Senior Policy Manager on 02 8235 2527.