



MEDIA RELEASE

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FSC statement on the Productivity Commission's report on retirement policy

The Productivity Commission's report on retirement policy released today highlights the economic imperative of boosting mature age workforce participation.

Sally Loane, CEO of the Financial Services Council said: "Australia's tax system will not be able to support future generations if they continue to retire at 60. Australians must consider the benefits to their retirement savings of working until 65 years."

The Productivity Commission concluded that this reform would save the Commonwealth Budget \$7 billion per annum once implemented.

"Higher workforce participation amongst older workers will strengthen our retirement system and reduce the pressure of the cost of ageing on future budgets," Ms Loane said.

"Policies which encourage older workforce participation will be needed – the Government's 'Restart' program is a good start."

"The FSC's long-standing policy is that the superannuation preservation age should be raised to 65 years, but also made more flexible by allowing early access to accommodate the needs of those unable to work to retirement."

The Productivity Commission's report also highlights that the majority of Australians do not spend their superannuation as a lump sum when they retire.

"Changes in regulation are needed so Australians can have access to retirement products that provide an income stream when they stop working," Ms Loane said.

"The Financial System Inquiry recognised that Australia's retirement system does not provide adequate choice of retirement products that provide an income stream. The FSI's recommendation that retirees should have the option of a Comprehensive Income Product for Retirement is a policy that we'd urge the Government to consider," she said.

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About the Financial Services Council

The Financial Services Council represents Australia's retail and wholesale funds management businesses, superannuation funds, life insurers, financial advisory networks, trustee companies and Public Trustees. The Council has over 130 members who are responsible for investing more than \$2.5 trillion on behalf of 11 million Australians. The pool of funds under management is larger than Australia's GDP and the capitalisation of the Australian Securities Exchange and is the fourth largest pool of managed funds in the world. The Financial Services Council promotes best practice for the

financial services industry by setting mandatory Standards for its members and providing Guidance Notes to assist in operational efficiency.