

MEDIA RELEASE

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Raising the Preservation Age is essential for adequate retirement savings

The Financial Services Council said today that the preservation age for accessing superannuation must be increased to at least 65 years if Australians are to have a comfortable retirement.

John Brogden, CEO of the Financial Services Council said: “The average superannuation fund balance at retirement is currently \$75,457. That is not enough to sustain a comfortable living standard.”

The FSC says Australians need to aim towards a superannuation balance of \$424,000 when they retire. This will provide an annual income of \$32,500 per year which is the amount required to live comfortably.

Mr Brogden also said: “Many Australians starting work today will live for more than one century. It is critical that the increased life expectancy of Australians is the driver for Age Pension and superannuation policy, so future generations of taxpayers are not burdened with the cost of an ageing population.”

“The age in which superannuation can be accessed must be increased to at least 65 years by 2035. This will reduce the gap between when superannuation and the Age Pension can be accessed to five years.”

Each additional year spent in the workforce adds \$200 million in retirement savings for Australians.

The FSC has recommended the Murray Review considers raising the preservation age to at least 65 years. This will increase retirement savings by \$1 trillion and help Australians maintain better living standards when they leave the workforce.

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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 125 members who are responsible for investing more than \$2.3 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 third 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.