

MEDIA RELEASE

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Early access arrangements for superannuation essential for those who need it

Financial Service Council said today that an early access regime for super will be needed if the preservation age is to be lifted. This recognises that some Australians will be unable to work beyond 60 years.

“John Brogden, CEO of the FSC said: “We have made recommendations to the Murray Review that the super preservation age should be increased, with new early access arrangements established.”

“The FSC supports an increase in the preservation age to 65 years. However, this should be flexible for those who can’t continue working due to ill health or who are in physically demanding jobs,” Mr Brogden said.

“Our submissions to the Murray Review, recommends an increase in the preservation age to at least age 65 and that it should be linked to life expectancy. This will increase private savings, improve living standards in retirement, boost government tax receipts and reduce age pension payments.”

Mr Brogden also said: “While the increase in the Age Pension access to 70 is an important and necessary step, Australia cannot sustain a ten year gap between when superannuation and the Age Pension can be accessed.”

“There is no point in increasing the Age Pension age if people will simply exhaust their superannuation savings before qualifying for the Age Pension.”

“Instead, we need to maximise participation in the labour market by people in their 60s and ensure there is a minimal gap between the Age Pension age and the preservation age,” He said.

“Australia experienced a revolution in the workplace which allowed the participation rate for women to increase from 45 per cent to 59 per cent over 30 years. We need a similar revolution in culture, policy and attitudes if we are to keep enough people in the workforce to allow an age pension age of 70 to work.”

“Many Australians starting work today will live for more than one century. Pension, super and employment settings must ensure people have enough to live on when they retire and maintain budget sustainability.”

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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.