



## **MEDIA RELEASE**

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### **FSC comment on age pension eligibility reforms**

FSC welcomes the tightening of the age pension announced by Minister for Social Services, Scott Morrison.

The FSC has long been concerned that the stability of the retirement system is being undermined by over-generous eligibility rules that enable couples that own their own home and have \$1.3 million in assets to continue to receive the age pension.

The Government's announcement raises the threshold for the full age pension, thereby improving the living standards of lower income retirees, whilst also increasing the taper rate to ensure that higher income retirees are required to spend their private savings before they fall back on the Government purse. These reforms improve the integrity and targeting of the retirement system.

Research by Rice Warner Actuaries has recently demonstrated that there are over 850 000 retirees receiving a partial Age Pension, or 36 per cent of the total retiree population. This rate was significantly increased when the Howard Government reduced the taper rates for the asset test for the age pension and this Government's reforms go some way to putting the pension system on a more sustainable path.

Sally Loane, CEO of the Financial Services Council, said: "The FSC supports the Government's reforms to promote the integrity and sustainability of the pension system. The reforms are fair and balanced.

"Pension reforms must be part of a national debate on a holistic retirement policy. The age pension, superannuation and tax systems must be aligned to deliver fairer and better outcomes for Australia's aging community.

"We must look at retirement policy holistically and we have a responsibility to design a national retirement policy that removes dependency on the public purse."

"Welfare is for Australians who genuinely need a safety net. Superannuation is the vehicle for helping Australian retirees save to provide for their own retirement and we expect the tax white paper process to focus on how to improve the super system to deliver this outcome."

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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, licensed trustee companies and Public Trustees. The Council has over 120 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 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.