

Policy Statement – Retirement Savings

2023

A Vision for Retirement Savings

A long-term vision for Australia's superannuation and retirement savings system must be clearly articulated. It should provide a clear purpose and goals encompassing superannuation, the age pension, non-superannuation income, savings and assets, care and residency arrangements in retirement and how these goals can be achieved.

Primary Objectives

The primary objectives of Australia's retirement savings system should be threefold:

1. To aid individuals to save sufficiently and effectively in order to maintain a reasonable standard of living throughout their whole life
2. To provide adequate support to alleviate poverty in retirement, where individuals have not had the means to save sufficiently
3. To protect retirees and dependants from key risks, such as mortality, morbidity, longevity, investment, inflation and system failure.

Primary Characteristics

An ideal retirement savings system should display five primary characteristics. It should be:

- Simple – the system should be free from complexity in design, implementation and operation. The average person has to be able to understand it if they are to accept it and engage with it.
- Sufficient – to provide an adequate level of retirement savings to maintain a reasonable standard of living in retirement and finance aged care and healthcare.
- Sustainable – to maintain government support and expenditure for future generations and to withstand external shocks, financial and otherwise.
- Stable – to provide certainty in the face of future Governmental, legislative, or regulatory change
- Fair – to maintain equity to ensure continued support and engagement with the system.

Superannuation and retirement savings policy should not be part of the political cycle. Bipartisan support is needed for Australia's long-term retirement savings goals.

Tax concessions and other targeted assistance are appropriate incentives to encourage optimal retirement savings behaviour and as compensation for deferred expenditure.

The level of total government support must be considered over both an individual's working life and in retirement subject to limits which are reasonable, but do not compromise adequacy.

Any changes to government concessions and support should be prospective.

Reform is needed to ensure that Australians benefit from an equitable and simple retirement savings system.

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