

1<sup>st</sup> April 2016

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### Submission – Objective of Superannuation

Thankyou for the opportunity to provide feedback on the objective of our superannuation system. My feedback relates to context.

### Context - Pillars of the Australian Retirement Income System

Three pillars of the Australian retirement income system are outlined in the Objective of Superannuation discussion paper as being **superannuation, the age pension and voluntary savings**. (The first and third of these may comprise similar types of underlying assets, but held in different tax/ legislative structures.)

When considering the Australian retirement income system, there should be explicit reference to the family home, which can be considered to be the fourth pillar. The Discussion Paper notes that owner occupied housing constitutes 38% of all assets held by Australian households; this figure would be even higher for retiree households.

Whilst the family home provides a retiree with a "place to live", it is also a significant store of wealth; often the sole asset owned by a retiree. This store of wealth should not be ignored by policy makers when considering retirement incomes. The home is a unique asset and requires a specific focus by policy makers.

It does not make sense to consider the objective of superannuation, which is clearly around providing a retirement income, in isolation from other sources of retirement income.

Two recent reports which consider the role that housing wealth can play in retirement funding are:-

1. *Housing Decisions of Older Australians*, Productivity Commission Research Paper; December 2015
2. *Unlocking Housing Wealth – options to meet retirement needs*, Actuaries Institute Green Paper, March 2016

In 2014 I presented a paper "The Fourth Pillar – The Role of Home Equity Release In Retirement Funding" to the Actuaries Institute Financial Services Forum. This paper considers some of the issues related to home equity release in more detail. Section 3.3 of the paper provides supporting information in the form of statistics and references to a number of related studies. This paper is can be found here:-

<http://actuaries.asn.au/Library/Events/FSF/2014/BrownfieldFourthPillarPaper140505.pdf>

Please do not hesitate to contact me at [christine@trinary.com.au](mailto:christine@trinary.com.au) if further input would be useful.

Regards,



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Actuary