

## Objectives of Superannuation – Response to the Discussion Paper

Do you agree with the objectives recommended by the FSI ?

No.

1. The FSI objective is limited to a binary choice between Superannuation and the Age Pension.

But as outlined in the Context section of the discussion paper (page 1, paragraph 5):

“Superannuation ... is one pillar of the Australian retirement income system, together with the Age Pension and voluntary savings.”

Limiting the definition in the way proposed, constrains consideration of Superannuation as the sole alternative to the Age Pension and thus skews any debate about :

“...competing superannuation proposals and a framework for evaluating the fairness, adequacy and sustainability of the superannuation system .”

(Page 1, para 4)

( To which ought to be added “as one pillar of the Australian retirement income system.”)

If you do not agree with the FSI recommendation, what do you think should be the objective of superannuation ? Why ? What are the implications of this objective ?

The objective of superannuation should be to provide a specific method of self-provision of retirement income, within the broader scope of voluntary savings. The objectives of the Government regulated/mandated superannuation system should be to:

- Provide a prudentially regulated system in which people could confidently make self-provision; and
- Provide whatever financial incentives the Government determines, with the objective of encouraging people to achieve a level of superannuation that - when taken with other voluntary savings - would be sufficient to be self-reliant for retirement income, or at least minimally dependent on the Age Pension.

The main implication is that it should be the combination of superannuation and other voluntary savings which should be considered in determining any access to the Age Pension.

In which piece of legislation should the objectives be legislated and why ?

I have not researched all the possibly relevant legislation, but the most obvious one is the 1992 Superannuation Guarantee legislation.