

Attention Division Head of the Retirement Income Policy Division of The Treasury

I have read the discussion paper on the objective of Superannuation.

I note the proposed objective is

“To provide income in retirement to substitute or supplement the Age Pension”.

If this objective is passed, I see a very large issue that could impact one in four Australians who do not expect to pay off their home loan by the time they retire. These people will need their superannuation to help pay off their mortgage.

My concern is that if this objective is adopted, it will be very easy for vested interests to push that the only way to comply with this objective is for superannuation to be paid out via an annuity.

As such, I see the high potential for lump sums to be eliminated and the only way to access your superannuation will be via an annuity.

If you are one of the people who need your superannuation to pay off your home loan, or even worse to fund large medical bills, why should they beholden to the wishes of vested interests over how their superannuation is used.

So I am concerned that your objective for superannuation will adversely impact the one in four people (as determined by various surveys such as the RaboDirect's *2014 Financial Health Barometer*)

It is my view that the objective of superannuation should be broader than just “income in retirement”.

I would suggest wording along the lines of

“to substitute or supplement the Age Pension so that the person in retirement has an adequate standard of living”

I know this brings up the issue of adequacy - but this is a fundamental issue that society should review and consider especially as the OECD “Pensions at a Glance 2015” report states one in three people 65 and over are already living in poverty in Australia.

If you have any questions, or comments please feel free to email or call me on the contact details below.

Thank you for your time

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