**Reverse Mortgage**

**
Finance Solutions**

**Accumulation and Savings Unit**

**Retirement Income Policy Division**

**The Treasury**

**Langton Crescent**

**Parkes ACT 2600**

**We thank Treasury for the opportunity to response to the Housing-Related Superannuation Measures.**

**Whilst we acknowledge the call for submission relates to the superannuation aspects, we are concerned about the overall policy setting and the unlikely take-up in the older market segment.**

**Studies from AHURI and National Seniors have confirmed most older Australians would prefer to remain in the homes which they have occupied for long periods of time.**

**They have accumulated resources such as medical, shopping and social contacts which they prefer not to lose. They have many years of growing awareness about the infrastructure within their homes, and use spare rooms for their own social/hobby needs or the visitation of grandchildren.**

**There also comes a time when ageing prevents many from contemplating the concept of downsizing.**

**Many older Australians live in inner suburbs of capital cities, as they will have purchased 20-50 years ago, and therefore have high land valuations. For younger Australians to purchase in these areas, they face the prospect of higher prices, increased lending criteria by our banks and very low wage growth to fund their purchase of .**

**Whilst the Budget policy is trying to encourage older Australians to “downsize”, it has incorporated the surplus funds from the transfer of property into superannuation, which is an assessable asset for retirees.**

**In working with older Australians for over 15 years in the equity release market, we have found the most important concern to seniors, after their family and their home, is their age pension entitlements.**

**Any policy which reduces or removes age pension entitlements has very little possibility of success.**

**This policy may appeal to some self-funded retirees who have already been assessed as over the income or asset threshold for age pension entitlements.**

**This policy is also “pulling” in the opposite direction to the billions of dollars spent subsidising older Australians to remain in their existing homes.**

**The Commonwealth Home Support Program and the Home Care Program assists over 1.1 million retirees as an assistance towards independent living in a property which many have occupied for tens of years.**

**These programs assist with**

* **support services** – such as help with washing and ironing, house cleaning, gardening, basic home maintenance, home modifications related to your care needs, and transport to help you with shopping, visit your doctor or attend social activities
* **personal care** – such as help with showering or bathing, dressing and mobility
* **nursing, allied health and other clinical services** – hearing services and vision services
* **care coordination and case management.**

**Whilst we understand the Treasurer’s view to encourage older Australians to downsize, a view also expressed by the Property Council of Australia, it is important to consider that is not the preference of the target market, especially if such a decision would have a likely impact on aged pension entitlements, besides all the other cost impediments of selling, moving and stamp duty expenses.**

**Again we thank you for the opportunity to respond.**

**Yours sincerely**

**Paul Dwyer**

**4th August 2017**

**Reverse Mortgage Finance Solutions**

**Aged Care Finance Solutions**

**Subsidiaries of Team Australia Mortgage Solutions P/L**