From: Boris Fridman
To: Retirement Income Review
Subject: Fw: Re: Retirement Income Crises in Australia
Date: Thursday, 9 January 2020 3:41:58 PM

The Chairman,
The Review of retirement Income
Australia.

Dear Sir,

I thank you for the opportunity to address what I consider to be a real problem that retirees in Superannuation Funds are confronted with.
The problem is that Super Funds are obligated to declare a minimum of 6% (and increasing with age) as a pension annually to their members.

In view of the punishingly low interest rates resulting from Central Bank action, Super Funds, especially self managed Super Funds, are struggling to show much more than 2 to 3% PA. return on members funds. The forced declaration of 6% and over is depleting these super funds and together with the ultra low yield from Term Deposits will ultimately lead to a substantial call on Government for Old age pensions.

I feel that it would be prudent to change the compulsory starting rate from 6% to 3%or even lower, the upper rate has always been open, anyone who needs to declare a higher pension are free to do so.
Those who do not need to can then preserve the capital on their Funds.

We senior Citizens, and I believe I speak for a great deal of the financially stressed retirees, that the compulsory retiree annual pension of 6% should be substantially lowered.
We sincerely hope that sanity will prevail and that the Reserve Bank will not drop interest rates any more in the future.
Australia has below Zero Interest Rates if inflation is taken into account, and no Capitalist Economy can function efficiently with such low interest rates.
Dropping interest rated has not stimulated any economy, on the contrary, if one analyses statistics, every time interest rates are dropped at such low levels, economies contract.
Please think of all the savers, pensioners and retirees, and the Havoc this has caused to their savings yields.

With this in mind, it would be most prudent for government to consider a Seniors Government High yielding 5% Bond to help the struggling seniors and to be an incentive for them to stay away from risky investments which retirees are inclined to invest in at present. These high risk investments can one day result in a burden to Government when these retirees
loose their savings when such investments go wrong.

The near to Zero interest rates and risky investments have eroded the purchasing power of a large section of our population and this now translates into a drop in overall consumer spending which is damaging our economy.

Japan is a very real example of such a scenario.
Japan introduced near to Zero interest rates some 30 years ago, their economy has never recovered over all these years, Savings reached the highest of any Country, which in turn led to a steep decline in consumer spending. This is the inevitable result of Zero Interest rates on a Capitalist economy and is being replicated all over the world, which is reflected in the very low GDP in all these Zero rate Countries in spite of all the Stimulus by Central Banks.

Awaiting your response regarding these very real problems reflected in RETIREMENT INCOME.

With Thanks
Sincerely,

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