

## Submission to the Retirement Income Review

I would like to make a submission to the Retirement Income Review (“the Review”) as a private citizen. While I am happy for the details of my submission to be made public, I would like my personal details to remain confidential.

My submission is a short one, as I do not have the knowledge or experience to comment on many of the matters raised for discussion within the terms of reference. In fact, I wish to concentrate on one matter only, and that is the role of tax policy (and resultant tax concessions) in encouraging Australians to provide for their retirement.

**The thrust of my submission is that tax concessions should be provided to encourage Australians to save for a reasonable, or adequate, standard of living in retirement, and that such concessions should not be available beyond that.**

Determining what is an adequate or reasonable standard of living is a difficult thing. Some people will be more selfish than others, but surely concessions should not be provided to encourage or fund a lavish lifestyle in retirement.

In this regard, the Association of Superannuation Funds of Australia Limited (“ASFA”) has done some work in this area and has published numbers aimed at helping people understand how much superannuation they might need in retirement (see <https://www.superannuation.asn.au/resources/retirement-standard> and <http://www.superguru.com.au/retiring/how-much-super-will-i-need> ).

It would not seem unreasonable to use the ASFA numbers as a starting point, and consider the “comfortable retirement” scenario as a basis for setting the limits on taxation concessions to encourage people to save for their retirement. The comfortable retirement standard of living set out in the ASFA papers referred to does not seem lavish or extravagant.

By whatever means the appropriate level of income is determined, **the proposal, at base, is to restrict the exemption from tax of retirement earnings of superannuation fund members to income up to the level determined as necessary to provide a reasonable and adequate standard of living in retirement. Normal rates of tax could then apply to income above that level (basically, an exemption with progression approach).**

The implementation of this broad proposal would require much consideration and wide consultation, and the question of whether any resultant tax should be paid at fund level or member level would need to be included in that consideration.

Similar consideration would need to be given to also restricting the concessional 15% rate of tax on accumulation phase earnings.

We need to consider a system and structure that encourages Australians to provide for an adequate and reasonable level of retirement so that they are not a burden on the public purse in retirement. At the same time, we need a system that does not result in substantial, non-means tested welfare payments (millions of dollars each year in some cases), being made to billionaires and

multimillionaires. The current approach is neither equitable nor sustainable, particularly with an aging population.

This submission is brief, and focuses on the issue rather than detail. I have not provided any evidence as it is not readily available. However, I would be happy to provide anecdotal evidence based on limited details that are available in the public domain should the Panel conducting the Review require it.

Thank you for your time. I sincerely hope that my submission receives due consideration.