

Comments for the Retirement Income Review

30/11/2019

- One of the worst aspects of getting old is loss of the sense of security, and retirement is a huge loss of security. Superannuation needs to provide a sense of security in that it will allow the person to continue to live in the lifestyle they are used to, including dealing with the inevitable changes in health status.
- The need to enter nursing home care can happen at any age, and security in retirement means having the funds to be able to enter a nursing home whenever that is required. The current cost of a decent nursing home is \$500,000 up front in cash and about \$3,500 per month, plus health and personal costs, for an indefinite period. Funding that with confidence requires \$1,300,000 in superannuation (if you are lucky enough to be earning 6% on your superannuation) and the most likely time it will be needed is near the end of life, so each superannuant feels they need to keep at least \$1,300,000 in their superannuation at all times. That's why superannuants are not spending their superannuation money!
- Further when someone enters a nursing home they want to know that their home is still there for them, when they get out! Selling the family home at this critical time is not in a superannuant's plan!
- Therefore, **the most important change that is required is removal of the cash deposit when entering a nursing home.**

- **The next most important and urgent change is that people working past retirement age should be incentivised to put more in superannuation.** The current limit of \$25,000 on superannuation salary contribution per year is stopping people who desperately need more superannuation, from contributing more. Encourage them to keep working by allowing them to put as much salary into superannuation as they can. **If I work an extra year and contribute half my earnings to superannuation, I've added 2 years to the period that I won't call on any government pension.**

- Australia is an aspirational society and **superannuation should be marketed as part of that aspirational objective.** I'd like to see more made of the link between housing and superannuation given that a house is an important part of saving for retirement. Not just for first home buyers. Housing costs can occur at various times in a life - buying a block of land; building a house on it; extending, building a granny flat, or buying a larger house when the kids are teenagers; and eventually downsizing. **A system that allows excess funds contributed to superannuation over and above the guarantee amount, to be used for housing costs at any of these stages, and contributed back into superannuation at the downsizing stage, would incentivise home buying and make the link to the home's value as part of the saving for retirement, much clearer. And if the funds never get used for housing, they add to superannuation!**