

## Retirement Income Review, Consultation paper, Nov 2019

My name is Dan Burt. I would like to comment on this paper by referring to various statements and consultation questions suggested in this paper. I am now 70 years old and receive the Australian Aged Pension. I live in South Australia, and am an Australian Citizen. Please see me comments below.

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P13

### **Consultation questions:**

Is the objective of the Australian retirement income system well understood within the community? What evidence is there to support this?

In what areas of the retirement income system is there a need to improve understanding of its operation?

### **Comment**

I believe the Australian retirement income system is not well understood. It is difficult to gain information except from my Bank's Financial adviser who knows the Centrelink Administration well. Centrelink has been almost impossible to deal with through any means. I have had to approach my MP to resolve issues on 4 occasions. Once I asked that she contact the Federal Minister with a query about the adequacy of the administration, and the response was 'we have a new website'. That website frequently went down.

Anecdotally, here are some examples of the appalling administration system, a system which militates against fair and equitable treatment, and against decent and respectful Government service.

Initially, Centrelink made a mistake with my application, and I had to appeal their decision. Some 6 months later I found that the appeal was still at the bottom of the pile. My MP expedited this eventually. 2 years ago Centrelink was over paying me, something pointed out by my Financial Advisor. I had been trying to contact them on the MyGov site, uploading documents and trying to tell them of the mistake. After 6 months of anxiety ridden frustration I was sent a bill for \$3500 for the overpayment. They had evidently finally got my please to review the situation. I appealed this, and also contacted the Complaints line. I was eventually 'phoned by an officer, who said I could keep it because I had acted correctly. It was pointless trying to contact them by 'phone, and no email facility was available. Several other times I have had to contact my MP for resolution.

I recently went in to a Centrelink Office seeking an interview concerning moving back to the UK and taking my Pension with me. I was refused an interview, and simply given a number to 'phone. 'If you are not moving for a few years, why do you want the information now?' was asked. I had some complex planning to do. I still have no answers.

The MyGov website was improved recently, after some years. But it is still an appalling piece of design work, hard to use. I have not tried 'phoning, knowing that it would be a pointless exercise.

My reflections on this is that because I am on 'Welfare' then the Government deems I am not worthy of a decent service to administer my Pension. Letters to the Federal Minister went unanswered.

Solution: A properly funded and staffed Centrelink which enables the gathering of information, answering of queries and notifying income/ assets and such. A comprehensive Q&A note sent to all recipients, with a note to 'phone a number (which will be answered immediately) should further questions arise. Please see my reflections on the English system below.

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**Consultation question:**

Are there aspects of the design of retirement income systems in other countries that are relevant to Australia?

**Comment**

Yes, and I can only comment on the English system. Again, it is an administration reflection. As a UK Citizen, I recently applied for a part Pension since I worked there for a few years in the 1970s. Encouraged by a friend, I phoned the Pension Scheme there. I was answered in a few minutes, and only because I could not give them my last UK address (from the 1970s, and for security purposes) I had to then send a form to them with a copy of my Birth Certificate, sent back to me once sighted. Friends had done the whole application in one short 'phone call. They have my records and Insurance stamps there. That is all, and it will be back dated for 5 years to when I became eligible. The UK Pension is not means tested either, and can be topped up to ensure a better Pension income. This information is all available by 'phone from Australia. Compare and contrast this with the Australian system noted above.

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P21

**Equity considerations**

Does the system deliver similar outcomes for individuals with similar levels of total wealth, regardless of how their assets are held?

**Comment**

I believe not. I had shares once, and would have been entitled to Franking Credits even if I fell below the Income Tax threshold. I was advised to take out annuities which depreciate with time, and give me some income. The Franking Credit system is unfair, and advantages those with larger incomes. It is not equitable or sustainable, unless I receive similar benefits from the government coffers.

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P31

. . . . It is however not clear the system is sufficiently simple to navigate without resorting to some form of financial advice, or that there is sufficient support provided to ensure individuals feel confident making financial decisions about their retirement.

Given the complexity of the retirement income system, it is important individuals are able to achieve good outcomes even where they have not engaged in retirement planning. Default settings have the potential to improve outcomes by guiding individuals' behaviour in saving for, and consuming, their retirement incomes, whilst still providing support for individual choice and decision making.

The degree to which individuals can understand how the system affects them, the impact of their decisions on their income during their working life and in retirement, and whether the system supports them to engage without difficulty will affect its overall adequacy and sustainability.

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**Comment**

Please see my comments above dealing with the difficulties of navigating the system, and understanding implications of choices of how to invest assets.