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Retirement Income Review Secretariat
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Submitted via email to: retirementincomereview@treasury.gov.au

SUBMISSION TO THE RETIREMENT INCOME REVIEW

1. This submission is written in a purely personal capacity, and I do not claim to have any particular expertise in the matters raised.

2. The views expressed are purely my opinions, and should not be used for any purpose other than this submission.

3. Anyone reading this submission should double check the figures I have given in this submission, as they are general indicative figures only, which may not apply to particular individuals circumstances.

4. When I speak of superannuation in this submission I am referring to non-defined benefit schemes, which typically start out in accumulation phase, of the sort that most people entering the work force now use, rather than defined benefit schemes which are a separate topic, and in any event, are now typically closed to new members.

5. Currently the minimum percentage of balance one needs to withdraw for superannuation in pension phase is 4% for those under 65 of age, and this increases with age to 14% for those 95 years of age or more. **I feel that the minimum percentage one needs to withdraw from a superannuation fund in pension phase should be no more than 4%, no matter what age a person is, as long as they are eligible to receive superannuation in a pension phase.**

6. This proposed approach would dramatically reduce longevity risk. It also takes account of the fact that many people who are elderly are extremely cautious with their funds, and may wish to have there funds in pension phase of a superannuation fund totally, or mainly, in Australian government guaranteed assets.

7. Australian government guaranteed assets are often currently returning less than 2% per annum, rather than a return of over 6% which has often been considered normal for returns for superannuation in the past.

8. Taking into account low interest rates from Australian government guaranteed assets, **I feel that the maximum amount that an individual can have in pension phase in a superannuation account should also be increased ideally from $1,600,000 to $4,800,000 (that is a tripling of the current maximum), but in any event not less than $3,200,000 (that is a doubling of the current maximum).**

9. Currently a spouse can receive superannuation from their deceased partner's superannuation fund in the form of cash, or a pension stream. When taken in a pension stream, the surviving spouse is limited to a total of $1,600,000 in pension phase, which is the same limit an individual who is not a surviving spouse currently faces.

10. Taking into account that there are economies of scale in being a couple, over being single (for example, one can often stay in a hotel room as a couple for a similar, or exactly the same price, as a couple, and the cost of running a car is similar whether two people travel in it, or one person), and the complexity of the current arrangements for surviving spouses, **I feel that the limit for a surviving spouse, when combining their own funds in pension phase, and any funds they receive in pension mode, from their deceased spouse's superannuation fund, should be double that of an individual who is not a widow or widower (that would be $3,200,000 rather than the current limit of $1,600,000).**