

22 February 2024

Superannuation Insurance and Governance Unit
Member Outcomes and Governance Branch
Retirement, Advice and Investment Division
The Treasury
Langton Crescent
PARKES ACT 2600
Via Email

REIA Submission: Superannuation in retirement

To whom it may concern,

The Real Estate Institute of Australia (REIA) is the national body and voice for the real estate profession in Australia. REIA's primary function since 1924 has been advocacy for policies that support a successful real estate industry. We are committed to working with the Australian Government to advance Australia's prosperity.

REIA's members are the State and Territory Real Estate Institutes (REIs) through which around 85% of Australian real estate agencies are collectively represented across 46,793 businesses.

Real Estate Services is the largest sector in the Rental, Hiring and Real Estate Services industry, employing 138,000 workers.¹ It is estimated that residential real estate is worth \$10.3 trillion and Australian superannuation is worth \$3.5 trillion.²

We are submitting this response on behalf of our network to The Treasury on the Retirement phase of superannuation discussion paper.

REIA therefore has elected to respond to the section on "Supporting members to navigate retirement income" as this directly relates to Australian renters and homeowners.

Overview

REIA fully supports the prosperity in retirement for all Australians. It's important to ensure that transparent and clear information is available to ensure appropriate retirement products and services from funds.

Looking at income alone will underestimate the adequacy of the retirement income system in providing a minimum standard of living in retirement. This is because a retiree's standard of living depends on whether they own their home, what government services they receive and if they have assets to draw on in retirement.
- Retirement Income Review

As multiple government reports have identified, homeownership is one of three vital pillars in retirement planning together with superannuation and voluntary savings.

¹ [ABS, Labour Force Survey, Detailed, August 2023, Jobs and Skills Australia \(JSA\) trend data](#)

² [CoreLogic Monthly Housing Chart Pack | January 2024](#)

Housing as a central consideration for retirement income

Changing trends in homeownership rates and in mortgage indebtedness present a fiscal risk to Age Pension spending in the future and may impact patterns of how superannuation is drawn down.

- 2023 Intergenerational Report

The largest asset held by Australians are their homes with homeowners entering retirement generally more comfortable. However, homeownership rates are declining among people nearing retirement, falling by 8% among this age cohort over the last 25 years.³ This is an alarming trend considering that life expectancy for retirees is expected to continue to increase over the next 40 years as identified in successive government reports.

Superannuation is expected to become the main income for retirees and with life expectancy continuing to increase in conjunction with the current cost-of-living crisis, longevity risk is now a predominant consideration in retirement products/services.

It is REIA's view that members be able to access clear, consistent and proper guidance on housing from trustees to deliver Australians with a dignified retirement.

REIA strongly urges that the following considerations be taken into account for policy development:

- Improvement in homeownership rates amongst the age cohort nearing retirement
- Provision of additional support for retiree renters
- Home ownership to be considered an essential pillar of a successful retirement

The traditional model of a superannuation fund has not encouraged a holistic view of retirement planning, rather has taken a singular focus on the funds themselves.

This is despite key home ownership initiatives such as the First Home Super Saver Scheme (the Scheme) which despite representing a significant advantage for super members providing voluntary savings to contribute to a house deposit. The Scheme underutilized and under-marketed by superannuation funds with only 4% of total release requests attributed to people aged 51 and over in 2021 – 2022.⁴

This existing product could be better utilized to drive improved long term retirement incomes for all generations.

In addition, changes to the First Home Super Saver could include access to voluntary savings contributed prior to 2017 for long term superannuation fund members.

REIA Recommendations

1. It is important to consider retirement outcomes holistically to provide the best strategy for members. Superannuation fund services should consider the three essential pillars of a successful retirement as identified by the Retirement Income Review.
2. Superannuation should continue to support and consider expanding support for first-home buyers under the First Home Super Saver Scheme and be actively marketed to all fund members.
3. This financial support and advice should extend to support around options for downsizing.

³ [Australian Institute of Health and Welfare | Home ownership and housing tenure – April 2023](#)

⁴ [ATO | First Home Saver Scheme Age Demographics 2021-22](#)

Conclusion

In setting out a broader, holistic approach to superannuation, housing will need to be included as a central pillar of a successful retirement. REIA supports in principle with all the potential policy responses suggested, with the addition of home ownership as a central priority. To continue to overlook this is to do a disservice to current and future generations of retirees.

Should you require further information, I can be contacted on 0448 692 245 or anna.neelagama@reia.com.au.

Yours sincerely,
Anna Neelagama
Chief Executive Officer
The Real Estate Institute of Australia