

6 March 2012

The Secretary
Senate Economics Committees, GS.64
PO Box 6100
Parliament House
CANBERRA ACT 2600

Email: economics.sen@aph.gov.au

Dear Mr Bryant,

SENATE ECONOMIC LEGISLATION COMMITTEE

Inquiry into the Minerals Resource Rent Tax Bill 2011 and related bills – 22 February 2012

Questions on Notice - AustralianSuper

Please find following the question, which I have contextualised, I agreed to take on notice during my appearance at the inquiry on 22 February 2012, and the answer.

Question on notice (Hansard Ref: p. 61): What would be the percentage contribution made of the age pension vis-à-vis the superannuation entitlement for that group of workers who come to qualify at retirement age? How much of the age pension will they continue to need?

Context: The impact on the proportion of Age Pension required for the average 25 – 34 year old to have a level of income required for a comfortable retirement lifestyle if the superannuation guarantee contribution was increased from 9% to 12%.

Answer: With the superannuation guarantee contribution at 9%, the average proportions of income sources, for this age group is 47% Age Pension and 53% self-funded from superannuation savings. With the superannuation guarantee contribution at 12%, it becomes 40% Age Pension and 60% self-funded from superannuation savings. This represents an increase in the difference between the two sources of income from 6% to 20%.

Note: 'Comfortable' is the *ASFA Retirement Standard* definition and as at September 2011 it was singles was \$40,412 per annum and \$55,316 for couples.

If you have any further questions, please contact me.

Yours sincerely

IAN SILK
Chief Executive