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Senate Standing Committees on Economics  
PO Box 6100  
Parliament House  
Canberra ACT 2600

By email: [economics.sen@aph.gov.au](mailto:economics.sen@aph.gov.au)

**Social Services and Other Legislation Amendment (Supporting Retirement Incomes) Bill 2018**

The Financial Services Council (FSC) welcomes the opportunity to comment on the *Social Services and Other Legislation Amendment (Supporting Retirement Incomes) Bill 2018 (the Bill)*.

The FSC is a leading peak body which sets mandatory Standards and develops policy for more than 100 member companies in Australia's largest industry sector, financial services.

Our Full Members represent Australia's retail and wholesale funds management businesses, superannuation funds, life insurers, financial advisory networks and licensed trustee companies. Our Supporting Members represent the professional services firms such as ICT, consulting, accounting, legal, recruitment, actuarial and research houses.

The financial services industry is responsible for investing almost \$3 trillion on behalf of more than 14.8 million Australians. The pool of funds under management is larger than Australia's GDP and the capitalisation of the Australian Securities Exchange, and is the fourth largest pool of managed funds in the world.

The Financial Services Council supports the rule changes included in the Bill.

These changes form part of a package of reforms announced in the 2016 Budget, with the aim of enhancing the range of retirement income products available to Australians. Amendments to the *Superannuation Industry Supervision Regulations 1994 (SIS Regulations)* commenced on 1 July 2017 to remove taxation barriers impacting income stream products.

However, it is important for both retirees and industry that there is certainty about how different retirement income products, including deferred lifetime annuities and group self annuitisation products, will be treated under the Age Pension means test. Understanding how different financial products may impact pension eligibility is central to retirement planning.

The changes included in the Bill will create a "product neutral" environment for longevity products. This will simplify decision making as all longevity products will be treated similarly under the means test, so individuals and their financial advisers can focus on choosing products that will provide them a financially secure retirement.

Given the importance of the provisions in this Bill to the development and implementation of new retirement income products, and noting that work is already underway within industry in anticipation of a 1 July 2019 commencement date, the FSC recommends the Bill be passed as soon as possible to avoid further implementation delays.

Please contact me for any questions in relation to this submission

Yours sincerely

Jane Macnamara  
Policy Manager, Superannuation and Retirement Incomes