



The Voice of Super

29th July, 2002

Mr Adam Cunningham
Inquiry Secretary
Standing Committee on Ageing
Parliament House
Canberra ACT 2600

E-mail: ageing.reps@aph.gov.au

Dear Mr Cunningham

**Long-term strategies to Address the Ageing of the Australian Population
Over the Next 40 years**

I have attached for the Committee's review a recent and detailed submission provided by the Association to the Senate Inquiry into Superannuation and Standards of Living in Retirement.

That submission examines many of the issues we believe need to be addressed by your Committee and the inter-related questions of:

- Changing work patterns
- Increased longevity and period in retirement
- Changing demographic and taxpayer base
- The need to ensure an adequate and sustainable retirement income strategy.

That strategy needs to encourage more self-reliance (and in so doing reduce the reliance on the age pensions) and also improve the adequacy of likely retirement incomes (and close the gap between current levels of savings and expectations).

Our submission welcomes the government's recent Intergenerational Report but notes that it does not adequately address the impact of savings through superannuation nor the growing expectations for retirement and the current gap that exists between these expectations and the current level of savings / age pension. In our view this political dimension needs to be dealt with.

Our submission examines in some detail possible targets and joint strategies (by individuals and government) to achieve them.

It perhaps should be noted that our assumptions as to reaching potential retirement incomes of \$19,000 and \$25,000 assume that a person is receiving the full age pension. We acknowledge that in public policy terms that we need to question whether a full age pension should be an entitlement at these levels – but if we assume only a part pension is payable then government and individuals will need to save more than set out in our scenarios to achieve even a modest target of \$25,000 pa.

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Our report flags the need for better integration of social security and private savings as an important issue (especially in a mature system) together with the need for more flexible working arrangements post 'retirement age'.

Our strategies do not examine health costs in isolation and we do not support the notion of separate savings accounts within superannuation funds for health needs. An individual's health needs will vary greatly regardless of age. We acknowledge that community expectations and demands for access to improved technology and a range of treatments will increase across all age groups. An increased and more adequate retirement income strategy will allow for some increased expenditure on health needs (including dentist, allied health services and discretionary health needs).

The Association would be pleased to appear before the Committee and / or respond to any specific questions.

Yours sincerely,

Philippa Smith
Chief Executive Officer

Attach.

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