

Association of Independent Retirees, Inc.

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INQUIRY INTO ISSUES SPECIFIC TO WORKERS OVER 45 YEARS AGE SEEKING EMPLOYMENT, OR ESTABLISHING A BUSINESS, FOLLOWING UNEMPLOYMENT

Supplementary Submission

Since providing a submission to the Standing Committee the report by Dr. Vince FitzGerald which was commissioned by the National Bank has been released.

The Association endorses Dr. FitzGerald's approach to retirement for several reasons.

- The trend to retire early, or for employees to be made redundant has gone too far.
- Those retiring at the age of 65 can expect to spend nearly 20 years in retirement and those being made redundant at the age of 55 could face up to 30 years in retirement.
- Not only is the community losing valuable skills and experience, those made redundant at age -55 are very often not prepared for retirement either financially or emotionally. Many of these people have difficulty finding other employment and for those who may have dependent children or who have not paid off their mortgage the resultant loss of income is devastating.
- Part-time retirement would help these people wind down, increase their ultimate retirement income by, several years and, during this semi-retired stage, pass on their skills to younger employees.
- There are also benefits for the economy, government and employers. The current trend of having smaller families indicates that there will be less young people joining the work-force and the older employee will be needed. By working longer as 'semi-retired' people will be better able to provide for their own retirement instead of calling on the government for support.

Government should encourage workers to plan for their retirement by tax rebates and other incentives such as:

- Reform of the age pension system, particularly to accommodate partial retirement.
- Taxation of superannuation on an '-expenditure' basis, i.e. primarily at the benefit stage - thereby favouring income streams over lump sums.
- Review of the overall 'mesh' between superannuation and age pension rules, to reduce incentives to 'double dip'.

- Review of rules and restrictions relating to age or classifying people as either 'retired' or 'non-retired'.

Employers should help prepare employees for retirement by:

- Providing educational material and financial planning information.
- Recognise that older people provide a valuable resource and that their skills and experience complement the younger worker.
- Recognise that employing older people may not cost more. nor may it compromise productivity.
- Develop more flexible employment solutions for older people.

The Association believes that people should be able to have a choice as to whether they retire early, continue on a part-time basis, but should not be 'pushed' into retirement.

Maureen Kingston OAM
National President
26th October 1999