

Senate Standing Committee on Economics

ANSWERS TO QUESTIONS ON NOTICE

Treasury Portfolio

Additional Estimates

10 – 11 February 2010

Question: aet 41

Topic: Retirement Savings Modelling

Hansard Page: Written

Senator EGGLESTON asked:

1. Is the Treasury aware that modelling by IFSA has shown that the retirement savings gap has grown from \$452 billion in 2004 to \$695 billion in 2010?
2. Does the Treasury complete similar modelling on Australia's retirement savings gap or superannuation adequacy? Can the Treasury release this modelling for each year between 2004 and 2010?

Answer:

1. Yes, Treasury is aware of the updated IFSA modelling on the retirement savings gap.
2. Treasury does from time to time undertake similar, but not identical, modelling on superannuation adequacy, both at the individual (hypothetical or cameo) level and for the population overall. Up to date hypothetical studies have been included in the published papers of the Australia's Future Tax System inquiry particularly the May 2009 report on retirement incomes and in Phil Gallagher's presentation to the Institute of Actuaries at <http://www.actuaries.asn.au/events/eventDetails.aspx?eventID=2172>. Treasury work on adequacy on a population wide basis was last published in July 2007 in a paper by Dr George Rothman. It is available on the Treasury website: http://rim.treasury.gov.au/content/rtf/CP07_1.rtf. That paper raised some issues about the IFSA modelling done in 2003 and 2006. An update of this Treasury work at the population level is not available at this time.