

MEDIA ALERT

SENATE COMMITTEE REPORT ON EARLY ACCESS TO SUPERANNUATION

Today the Chair of the Senate Select Committee on Superannuation and Financial Services, Senator John Watson (Lib, Tas) presented to the President of the Senate the Committee's report on early access to superannuation benefits on severe financial hardship and compassionate grounds.

Senator Watson said, "Whether superannuation fund members should be able to have access to their preserved benefits before retirement age is a complex issue. Since the purpose of superannuation is to provide funds for retirement, ideally funds should be preserved in their entirety until then."

However, during its inquiry the Committee found strong support for the view that in limited circumstances the release of superannuation benefits may be justified to alleviate genuine financial hardship. The Committee stressed that superannuation savings must not be seen as a first port of call for people in financial difficulty, and that early access to superannuation benefits needs to be considered in the broader context of the adequacy of current social security measures.

With some superannuation funds allowing early access on some grounds only and others not allowing access under any circumstances, the Committee found that:

- greater consistency across the superannuation industry is needed to ensure equity to fund members; and
- there is a need for central collation and analysis of data on payments by individual funds, so that trends can be identified. Based on available information, it appears that one of the main aims when the current rules were introduced in 1997 (that is, to tighten up early access to benefits) has not been achieved.

The report identifies various ways in which the current rules could be simplified. Recommendations include:

- the administration of all claims for early release of superannuation benefits by one government agency, preferably Centrelink which has a wide

- service delivery network as well as access to social workers and specialist staff to assist people in distress because of personal or financial hardship;
- one external review body; and
 - removal of the distinction between severe financial hardship and compassionate grounds and replacement with one set of specified criteria.

In the light of widespread dissatisfaction with the current rigid rules which can operate to exclude genuine cases of financial hardship, the Committee has also recommended that the Government consider extending the current criteria.

Copies of the report are available on the Committee's website.

Contact:

For comment: Senator John Watson, 03 6331 4544 (Launceston,
Chair Tas)

For information: Sue Morton, Secretary 02 6277 3458

Internet access: <http://www.aph.gov.au/senate/committee>

Email: super.sen@aph.gov.au

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