

MEDIA RELEASE

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Experts call for focus on draw-down phase of superannuation: Murray Inquiry

With the population aged 65 and over expected to reach 7.2 million by 2050, researchers have called for the Murray Inquiry to focus on improving options for retirees in the draw-down phase of superannuation.

Researchers from the ARC Centre of Excellence in Population Ageing Research (CEPAR) told the Murray Inquiry that this is the least developed dimension of Australia's otherwise robust retirement income system.

"The rapid expansion of the 65 and over population means policy makers, product providers and regulators need to get to grips with it, and quickly," CEPAR Director Professor John Piggott said.

"The population is ageing rapidly and the biggest group of workers in the labour force, the baby boomers, are going to retire in the next ten years.

"The absence of options to access superannuation savings as gradual income forces the lump-sum culture on people who may not want it."

Furthermore, Professor Piggott says the Government runs the risk of being forced to further subsidise retirement income if it doesn't provide options.

"We know people who retire early may not have as much money as they anticipated. When the lump-sum runs out, they revert to the pension system or try to re-enter the workforce.

"It is time these issues were examined systemically and this inquiry presents a good opportunity. In our submission, we encourage such an examination based on our research findings in this area," Professor Piggott said.

In summary, CEPAR's submission draws from its research in areas of economics, psychology and actuarial studies to put the following recommendations:

- That superannuation policy focus needs to change from being an 'accumulation' policy to an 'income in retirement' policy
- That a menu of retirement income products should be available to retirees. This will require consideration of the private sector structures that determine what products are available, the regulatory environment and barriers to entry
- That the inquiry examine the role of the Government in managing the risk of retirement income products
- That consideration be given to the structures that need to be put in place to facilitate individual choice if a suite of products such as this were to enter the market. Issues such as product knowledge, financial literacy and cognitive decline would need to be considered.

The submission can be found on the Financial System Inquiry [website](#).

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