



# Policy dialogue on retirement incomes

Darren Kennedy

Principal Adviser, Retirement Income Policy

The Treasury

# ‘More Choices for a Longer Life’

Package of initiatives in 2018-19 Budget including to give retirees confidence in their financial security

## *Preparing for retirement*

- Getting ready with 45 and 65 year old checks

## *Encouraging workforce participation*

- Expand access to the \$10,000 Restart wage subsidy to **encourage** more businesses to **hire and retain mature age workers**
- A new \$2,000 Skills and Training incentive and increased roll out of the Skills Checkpoint for Older Workers to support older Australians and their employers
- Increase and extend the **pension work bonus**
  - *Older Australians can earn up to \$468 per fortnight and still receive the maximum Age Pension*

# 2018-19 Budget measures (cont'd)

## *Boost standards of living in retirement*

- Expand **pension loans scheme** to all those of Age Pension age (up to 150% of the full Age Pension)
- Provide retirees with product options to achieve a **higher standard of living**
  - Introduce a retirement income framework - trustees to develop a retirement strategy and offer members a 'CIPR' (hybrid retirement product)
  - Clarify the means-test treatment for longevity products
- Work test exemption for contributions for 12 months after retirement (for balances <\$300k)

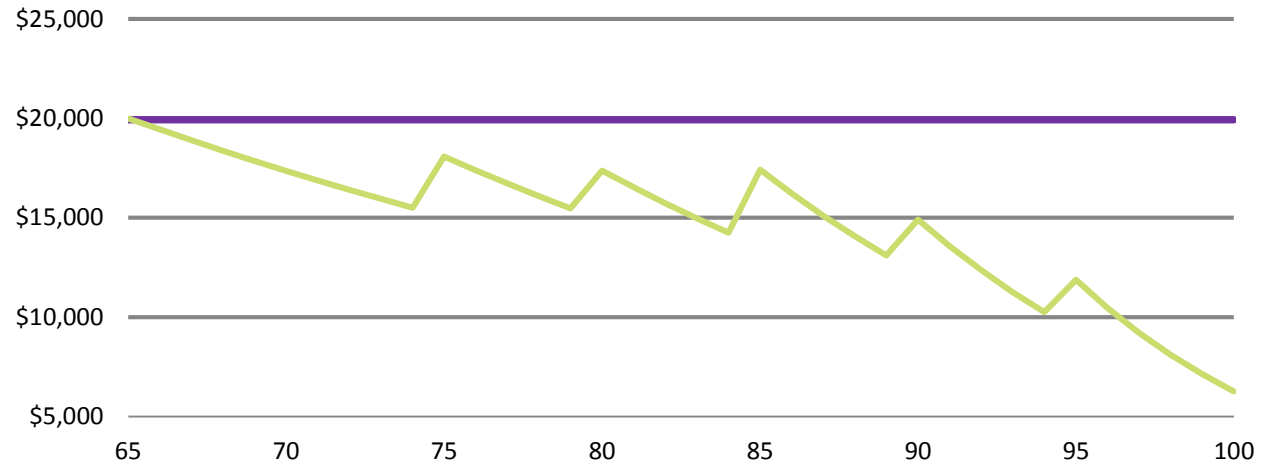
## *Reduce balance erosion during accumulation*

- Protecting Your Super – **protect small and inactive accounts** from erosion by fees/insurance.
  - Proactively reunite small inactive accounts with a member's active account.
  - Opt-in insurance for young and small balance members and inactive accounts.

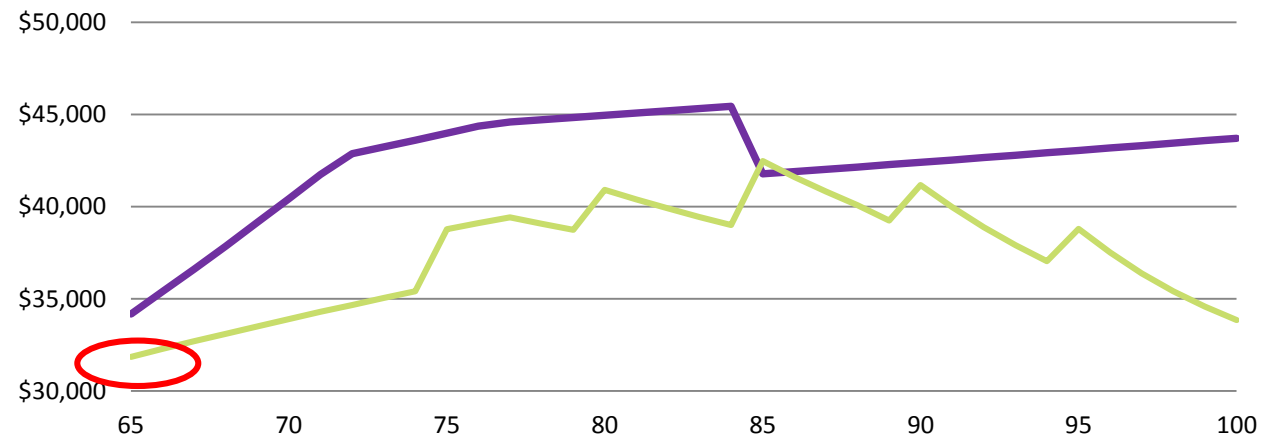
# Retirement income from a 'CIPR'

Single homeowner, \$400K super, retires 65

**Private Income**



**Total income  
(Private Income +  
Age Pension)**



— CIPR (basic DLA) — ABP (minimum drawdown)

# The Government's proposed retirement income framework

## Removing the barriers to lifetime products

Tax treatment  
(Capital Access  
Schedule)

Social security  
means test  
treatment

## Retirement Income Framework

Retirement income  
covenant

Retirement  
income  
projections

Simplified,  
standardised  
disclosure for  
retirement products

Regulatory  
framework