



To Divisions and Branches

Dear President,

## **Board Consideration of the Retirement Income Proposal**

At its meeting on 19 October, the Board considered a Report summarising over 40 comments received on the Retirement Income Proposal. It commended Divisions, Branches and Members for their interest and in depth consideration of this major policy issue for A.I.R.

The Board agreed to the following Recommendations:

**Recommendation 1:** That the Retirement Income Proposal should not become A.I.R. policy at this time.

**Recommendation 2:** That the policy set out in the 2012/2013 Pre-Budget Submission should remain and be further developed to meet the needs of those with superannuation and those without. This should form the basis for the 2013/2014 Pre-budget Submission and the 2013 Pre-election Submission.

**Recommendation 3:** That the wording and emphasis of the 2012/2013 policy be adjusted as follows:

1. *That a clear distinction should be drawn between the accumulation component of superannuation and the drawdown component, which should be defined to commence upon retirement.*
2. *That all retirees, no matter whether they accumulated their retirement assets within superannuation or outside superannuation, should have access to a specified tax-free component of their assets after retirement for their day to day living expenses.*
3. *That, if it is necessary to contribute to a superannuation fund to access the tax-free income stream component, the sale of assets to be contributed should be exempt from capital gains tax.*
4. *The Government's "work test" should be abolished as it applies an unfair and discriminatory restriction on already defined levels of after-tax contributions.*
5. *That a Review should be undertaken of the structure and regulations relating to the drawdown component of superannuation. The Review should consider:*
  - *The economics of funding retirement, including the appropriate balance between superannuation concessions and age pension liability,*
  - *The appropriate minimum size of retirement assets that should attract concessional treatment in retirement,*
  - *Post-retirement barriers to contributing to superannuation either from work or from personal assets,*
  - *Ability to access superannuation for non-SG persons upon retirement.*

**Recommendation 4:** That A.I.R. examine the possibilities for reducing administrative costs of SMSFs for members including setting up a course/process for assisting members to undertake their own SMSF accounting.



# Association of Independent Retirees (A.I.R.) Limited

ACN 102 164 385

**Recommendation 5:** That AIR examines means of assisting retirees with options they might consider for managing their retirement incomes as they age.

A proposal from a Branch relating to Government Bonds for people age 65 and over would be appropriate for inclusion in the “economics of funding retirement” terms of reference of the proposed Review, Recommendation 3, Point 5.

The Board also agreed that AIR should seek the support of COTA and other appropriate associations for equitable treatment to retirement income concessions for all retirees.

The Report containing the summary of comments will be placed in the Members’ Section of the Website with a note to that effect on the Home Page.

Divisions and Branches are asked to circulate this letter to all members, especially those who made personal submissions.

Yours sincerely

John Wenban  
President

25 October 2012