



MEDIA RELEASE

Will the Government tighten the assets qualifying test for the part-pension in the Budget?

An article in the *Sydney Morning Herald* (5 May) stated that Social Services Minister Scott Morrison has given the clearest signal yet that the Government will tighten the assets test for people on a part-pension and drop plans to index pensions at a slower rate.

In balance Labor leader Bill Shorten said the Government should keep its pre-election promise not to touch pensions and "stop breaking promises".

The Association of Independent Retirees (A.I.R.) Limited remains concerned at this and other speculative statements in the media that the Age Pension allowable asset assessment will be significantly changed by increasing in next week's Budget the existing \$1.50 / fortnight for every \$1,000 additional assets above the allowable asset limit for the full pension.

A.I.R. National President, Max Barton, provided the following comment on such action:

- If true, retirees will see this as the Government continuing to act in a reactionary, ad hoc fashion and failing to take a holistic approach to ensure fairness and equity for all retirees.
- This has the potential of destroying the basic fabric of the retirement phase of the superannuation system.
- We believe that if implemented, this will hurt in particular the lowest asset based self-funded retirees and not those who many consider as being "wealthy" retirees.
- We are concerned that for many this will more quickly reduce the asset base upon which their retirement income is drawn.

- There are now over 1.9 million persons of 65 years or over who in part or fully self-fund their retirement and these will become a very disenfranchised group if such a change is made.
- There is a lack of understanding that the “nest egg” assets that everyone is attacking, actually fund the ongoing monthly income stream and preserve a standard of living for 30+ years in retirement.
- The longevity issue of 30+ years in retirement and the income needed from this “nest egg”, is neither appreciated nor considered.
- This “nest egg” in assets actually supports the Government’s objective of reducing the cost to the Federal Government of the Age Pension welfare system.
- A.I.R. is opposed to any change to superannuation in the drawdown income stream pension phase that would negatively impact on retirees.
- We understand the current fiscal situation but demand that any changes must form part of a comprehensive review of retirement incomes.
- The outcomes of any review must not disadvantage current retirees and those soon to retire.
- Changes must include grandfathering and transitional provisions to protect those retirees whose retirement income is based on the current rules.
- We are concerned that this impacts on the basic principles of the superannuation system of incentives for voluntary savings and that the Government is breaking away from encouraging Australians to actively plan and save for their retirement, to take full advantage of the benefits the superannuation system provides.
- This action is a short term fix and the potential long term, far greater impact on the cost to Government of the Age Pension does not appear to have been considered.

For further information, contact Max Barton on 07 3142 2506.

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The Association of Independent Retirees (A.I.R.) Ltd is a member-driven national, not for profit, non-political organisation which works to advance and protect the interests and independent lifestyle of Australians in retirement. A.I.R. seeks to secure recognition and equity for Australians who, through their diligence and careful management, fully or partly self-fund their own retirement needs.