



MEDIA RELEASE

Penalising Low Income Self-Funded Retirees - The New Poverty Trap

The Association of Independent Retirees (A.I.R.) is greatly concerned at the impact of the Government's pension changes likely to pass through the Senate next week with the support of the Greens.

The legislation will increase the age pension taper rate from \$1.50 to \$3.00 per \$1000 – reducing the asset test threshold for receipt of the part age pension to \$823,000 for couple homeowners and to \$547,000 for single homeowners, with effect from 1 January 2017.

A.I.R. National President, Max Barton, said this is an incredibly harsh measure which will impact on a large number of part pensioners and create a new **poverty trap** group of self-funded retirees whose annual income is below that of a full age pensioner. There is justifiable widespread resentment and loss of confidence across the retirement community who are fearful of what the future will now hold.

Mr Barton said the Howard Government had recognised and addressed the poverty trap by reducing the taper rate and this has formed the basis for the retirement plans of the bulk of Australian retirees for many years.

“The changes now proposed by the Government reverse this situation and will shatter the financial basis for current retirees and remove the incentive to provide for one's own future in retirement.

“It is difficult to follow the Government thinking behind these changes. There was no prior consultation with stakeholders, it contradicts the Coalition's policy of encouraging Australians to provide for their own retirement future and it penalises current low income self-funded retirees.

“The Government seems intent on gradually eroding its commitment to encourage as many Australian's as possible to actively plan and save for their retirement, to take full advantage of the benefits the superannuation system provides and to work towards a self-funded retirement. Many retirees now have an uncomfortable feeling that the principle of supporting people to actively plan and save to self-fund their retirement is no longer supported and is being abandoned by the Government.”

Mr Barton said that confidence has waned and the great concern for self-funded retirees is that their funds will run out because of this attack on partly self-funded retirees and other potentially inappropriate Government decisions such as forced withdrawals from their pension income stream producing assets, taxing the income received in the income stream pension phase, changing / removing the dividend imputation system.

A.I.R. is calling on all Members of Parliament to urgently rethink the proposed changes in light of the harsh impact it will have on a large number of mid to low income retirees.

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.