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MEDIA STATEMENT

Retirement incomes – lessons from the Budget

The Australian Council of Public Sector Retiree Organisations (ACPSRO), which represents Commonwealth, State and Territory public sector retirees including military, welcomes the thrust of the 2016 Budget to restrain abuse and misapplication of retirement incomes policies, particularly for wealthier retirees, but has serious concerns about several of the measures.

There is considerable retrospectivity in some 2016 measures which, taken in conjunction with last year's Budget's retrospective “10% Cap” changes to some defined benefit pensioners' part Age pensions, suggests that the Government now has no qualms about applying retrospective changes to any retirement income policy measure. That should be a matter of concern to *all* retirees (and potential retirees).

Retirement income policies affect citizens for 40(+) years as they accumulate their savings and a further 20 to 30 years as they live off them in retirement. With such policy longevity there is no room for retrospectivity in Government policy making, particularly in any new policies which reflect merely the passing prejudices of peripatetic politicians. “Grandfathering” of the *status quo* should be the default policy setting for retirement income policy changes.

Regrettably the Budget superannuation measures for current accumulation schemes are far from simple. Moreover the Budget documents foreshadow action to make associated amendments affecting defined benefit schemes. There are several such Commonwealth schemes and many more in the States, as well as in the private sector.

There is a real potential for these Budget amendments to have unintended and disruptive consequences. Furthermore, this Budget addressed only *taxation* policy changes. When the interaction between personal superannuation and the Age or part-Age pension is also taken into consideration to arrive at most retirees' total retirement income, the complexity increases by orders of magnitude.

The Budget documents therefore very sensibly say that there will be consultation about some of these Budget amendments. ACPSRO thinks that will be essential and looks forward to being involved.

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