

# National Reform Summit

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## Retirement Income Stream Summary of discussion Paul Howes, Head of Wealth Management Advisory KPMG Australia

The National Reform Summit Retirement Income session was moderated by Laura Tingle from the AFR, and the panel comprised Catherine Livingstone, BCA President, Peter Burn, Australia Industry Group, Michael O'Neill, CEO National Seniors Australia, Ian Yates, CEO Council of the Ageing, Tony Sheldon, TWU.

Notable contributors to the discussion included David Whiteley, Industry Super Australia, Ross Clare, ASFA, John Daly, Grattan Institute, Sally Loane, FSC.

The key points from the discussion were:

- Need to have an agreed overarching objective for the superannuation system. The vast majority of people agreed that the objective should be around having an adequate and sustainable income in retirement.
- Focus on the costs within the super system, balancing this with net returns and the need to improve the efficiency of the sector.
- Impact of technology and digitisation which enables flexible working, can support the goal of providing adequate income in old age.
- Adequacy of the system for those with interrupted careers, women, low income workers, carers and contractors.
- Taxation concessions to support the adequacy of the system, focusing on concessions afforded to high income earners and couples.
- Need to ensure a holistic independent review of the system, avoiding multiple piecemeal changes.
- Interrelation between retirement income, employment, training and skills, housing affordability and equity, health & aged care cost.
- Need to focus on equality and equity of the system for all participants.
- Consideration of the payment of superannuation guarantee during parental leave.

The Committee for Sustainable Retirement Incomes (CSRI) produced a position paper in advance of the summit in consultation with Industry Super Australia, National Seniors Australia, Council of Aging, Australian Council of Social Service, Association of Independent Retirees, Academy of Social Sciences of Australia.

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The paper outlined a number of challenges that need to be addressed:

- The absence of a clear overarching objective for the retirement incomes system that can support a consistent set of policies across the different parts of the system.
- The associated inefficiency, complexity and frequency of changes in the system that undermines public confidence.
- The lack of fairness, particularly the excessive tax concessions for those on high incomes.
- The increasing cost of the system to government, particularly because tax concessions are not efficiently targeted at meeting the system's objectives.
- The superannuation framework requires individuals to confront a complex set of financial decisions at and after retirement, without providing the same degree of support as it does during the accumulation phase.

It also outlined a number of principles against which the performance of the Retirement Income system should be measured - broadness and adequacy, fairness and acceptability, robustness, simplicity and certainty, sustainability.