

RESPONSE TO RETIREMENT INCOME REVIEW

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National Seniors welcomes the long-awaited release of the retirement income review by Treasurer Josh Frydenberg.

Australia's peak consumer organisation for older Australians acknowledges the hard work of the Review Panel in putting forward the evidence for potential reform.

Unfortunately, the 600-page document does not contain clear recommendations.

It also falls short of giving a full understanding of the problems.

Much of this can be attributed to the overly complicated nature of the system.

Even so, National Seniors is pleased that the review finds older Australians are not an 'economic time bomb' as has long been asserted.

Countering this mistaken assertion, the report predicts the cost to the taxpayer of funding the Age Pension will drop.

The Age Pension is expected to "fall from 2.5 per cent of GDP to 2.3 per cent by 2060."

The report also highlights the need to promote the use of equity in the home to help live a better life in retirement.

However, National Seniors Chief Advocate Ian Henschke says it fails to acknowledge the main reason why older Australians do not draw on the wealth of their home.

"National Seniors has long been calling on the government to cut the interest rate for the existing Pension Loans Scheme (PLS). It's a clear barrier," Mr Henschke said.

"This scheme is especially important for those receiving aged care, who could be using it to live more comfortably staying in their own home and out of residential aged care.

"The PLS has seen a three-fold increase in demand but only 2,288 people used the scheme as of March 2020.

"Lowering the 4.5% interest rate should be a priority and certainly must be cut in the next Federal Budget.

"We urge the Treasurer to recognise the vital role older Australians could play in the economy and the COVID recovery by helping them release the equity in their homes," said Mr Henschke.

Similarly, Mr Henschke says the report does not adequately acknowledge the reasons why older Australians do not make better use of their savings.

“Seniors tell us time and again they are petrified of running out of money. They fear the pension, health and aged care systems, which are essential components of the retirement income system won’t meet their needs.

“Acknowledging these fears is an important first step in reforming the retirement income system.

“If you look at aged care, for example, we are currently in the middle of the Royal Commission because, to use the Prime Minister’s own words, people have lost ‘faith’ in the aged care system.”

These are the initial observations of National Seniors Australia.

The organisation will delve deeply into the 600 plus page report in coming days and provide further comment.

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