

Stop the Pensioner Taper Trap

National Seniors Australia is calling for an end to the 'ludicrous' trap, which sees people who save more, earning less in retirement, as much as \$1,000 a month less.

The peak advocacy organisation for older Australians wants the Federal Government to lower the taper rate which is used to gradually reduce the age pension for retirees, with assets over a certain amount, not including the family home.

In 2017 the rate doubled from \$1.50 to \$3.00 per \$1,000 of assets above the threshold.

The threshold is \$394,500 in assets for a couple with a home and \$263,250 for a single pensioner with a home.

National Seniors is not alone in calling for action on the taper rate.

The Actuaries Institute, along with respected actuarial group Rice Warner and think tank, the Grattan Institute, have joined National Seniors and the Alliance for a Fairer Retirement System in calling for the taper rate to be reduced.

National Seniors Chief Advocate, Ian Henschke says the current rate penalises older Australians who save more for their retirement.

"It's the taper trap targeting the savings of older Australians," Mr Henschke said.

"It acts as a disincentive for people who try to put away more for their retirement."

"Someone who has saved twice as much as a retiree on a full pension, can be \$1,000 a month worse off because of the taper rate. How is that fair?"

"It's ludicrous and forces people who have put away money to spend it, so they stay under the threshold."

"Put simply, the higher the taper rate, the less pension you get."

"We know of situations where people will spend money renovating their home or going on overseas trips so they can still get a decent retirement income," he said.

Mr Henschke says the upcoming retirement income review, as well as this week's return of parliament, are perfect opportunities to lower the taper rate.

"The taper rate is integral to the age pension and its interaction with superannuation."

National Seniors believes it also shows why we need to have an independent body set the rate of the pension and get the politics out of the pension once and for all.

-Ends-

Ian Henschke is available for comment for tomorrow's publications.

Please refer to the National Seniors Australia fact sheet showing the effect of taper rates on retirement income.