



# Factsheet — Better Outcomes for Pensioners

*The Greens are reversing the decision of the Howard government to spend the benefits of the boom on middle Australia in the lead up to the 2007 election, and have also ensured that a much needed review into retirement incomes occurs.*

## Support from the community sector

Changing the assets test in this way is a policy that was proposed by ACOSS and backed by many other NGOs including Uniting Care and the Council for the Ageing who represent consumers. These organisations would like to see the Government make more changes to retirement incomes but all support the asset changes themselves.

## Labor's claims

Labor, in contrast, is using advice prepared by the Super Industry Association (ISA) that have an interest in ensuring that people don't draw down their fee-generating superannuation. All that the ISA report really shows is that more people who have assets of more than half a million dollars will be required to draw on those assets rather than hold on to them to pass them on to their children.

## The role of super in retirement

It is absolutely appropriate that individuals draw down on their super over the course of their retirement. Superannuation is designed to ensure that people save throughout their life for their retirement. It is the intention of the policy that people who have accumulated wealth can use this to help fund their retirement needs, while those with more modest means can rest assured they too will be able to have a dignified life in retirement by relying on the aged pension. It should not be used for estate planning.

## Impact of the measure

In the first instance, 171,500 pensioners will benefit (50,000 more people will now get a full pension). Those with fewer assets, who benefit from this scheme, will on average be about \$30 a fortnight better off. 327,300 will be negatively affected (90,000 of these will have their pension cancelled). Eighty percent of all age pensioners will not be affected at all.

## What about women?

Making the pension fairer doesn't hurt women. What hurts women is paying them 17% less than men, lumping them with unpaid caring responsibilities and slugging them with low income super taxes (while men in high earning jobs bring home the dollars and great tax concessions too.)

What Labor fails to mention is that 60% of women would not achieve a comfortable standard of living (in Labor's terms)<sup>1</sup> no matter what, because they don't retire with enough money to support themselves. This is why the Greens want to make the system fairer. We're giving more to those at the bottom, with modest assets, while we build momentum for super changes.

## The review

Of course this Government won't come out and say they are going to support the changes we want. But if we stopped doing anything every time the Government said no, we'd never get anywhere. The Government may try to play down what they have had to give the Greens, but we've now ensured that retirement incomes are a chapter, not a paragraph in their tax review. Stakeholders not only have the extra time to put in submissions, but also get the opportunity to talk directly with the Government before and after the Green paper is produced. It will be very hard for the Government to ignore the evidence organisations are now preparing for the review.

We note that there have been some substantial reviews into retirement incomes and the complexity of our income payments system in the past five years, namely the Henry Tax Review and the McLure report. Both reports made recommendations to both simplify the tax and transfer system and to make it fairer.

## Other measures in the pensions Bill

The Australian Greens have not agreed to support any of the other measures in the Bill. Yet the Labor Party, who has said 'no changes to pensions' has announced its intention to back two of the Government's pension measures anyway – the defined benefits scheme that looks after retired public servants and the pension supplement, an annual lump sum payment to older Australians.

<sup>1</sup> Comfortable standard of living<sup>1</sup> is \$42k per year. Full pension is \$22k