



MEDIA RELEASE

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‘EFFECTIVE, SOUND AND SUSTAINABLE’: RETIREMENT INCOME SYSTEM GETS INDEPENDENT TICK OF APPROVAL

The Retirement Income Review released today provides a valuable baseline of data against which to measure the performance of our retirement income and superannuation systems.

The Financial Services Council (FSC) welcomes the considered contribution to the policy debate from the panel of independent experts and notes their conclusion that Australia’s retirement income system is ‘effective sound and its costs are broadly sustainable.

The review made the important conclusion that Government expenditure on the Age Pension as a proportion of GDP is projected to fall over the next 40 years to around 2.3 per cent and that higher superannuation balances reduce Age Pension costs. In effect, the superannuation system is delivering on its objectives.

FSC CEO Sally Loane said: “The FSC acknowledges the review’s emphasis on using retirement savings more efficiently, and we support implementing the Retirement Income Covenant for trustees. In the context of our successful system, however, we urge the Government to also consider carefully whether any changes to the schedule increase in the superannuation guarantee to 12 per cent would be in Australians’ best interests.”

“The independent review, and the Productivity Commission inquiry that proceeded it, both emphasised that consumers have a right to expect our retirement and superannuation systems are efficient,” Ms Loane said.

The FSC recognises that there is more work to be done to make the retirement system more efficient, including finalising the Government’s recently announced ‘Your Future, Your Super’ reforms, which if implemented carefully will help ensure our mandatory superannuation system is efficient and competitive.

A copy of the Retirement Income Review can be found: <https://treasury.gov.au/publication/p2020-100554>

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About the Financial Services Council

The Financial Services Council (FSC) has over 100 members representing Australia’s retail and wholesale funds management businesses, superannuation funds, life insurers, financial advisory networks and licensed trustee companies. The industry is responsible for investing almost \$3 trillion on behalf of more than 15.6 million Australians. The pool of funds under management is larger than Australia’s GDP and the capitalisation of the Australian Securities Exchange and is the fourth largest pool of managed funds in the world.