

Good Morning,

Age of Access

I note in the press there is increasing speculation about lifting the access age for superannuation. Currently, the access age is 55 and for those born after 1964, the access age is 60.

Further lifting of the age at which a person can access their superannuation is not the answer. It will discourage people putting money into the superannuation system. It is counter productive – it will discourage individuals actively saving for their retirements.

My experience in this industry is the superannuants that tend to exhaust their money too early and then begin to increasingly rely on the Aged Pension are doing so by taking additional 'one off' payments to supplement activities beyond their normal expenses. Lifting the age at which one can begin to access their super to say age 65 will not change this fact.

Rather, some consideration should be paid to limiting withdrawals to a maximum of 10% of the balance in any one year, as is currently the case with transition to retirement pensions.

Removal of Tax Incentives

Wholesale removal of tax benefits within the superannuation system is also counter productive. Individuals need to be encouraged to put money into the system. Removing tax breaks will stop it dead. It is short sighted and will severely limit it's long term growth.

My younger clients in their 30's and 40's are already worried about adding to their superannuation nest egg beyond what is required by SG. Removing upfront and ongoing incentives to do so will stop them wanting to fund their own retirement completely. They will spend the money elsewhere, either on consumption or into other tax effective enterprises.

Younger superannuants already believe they will have to materially fund their retirement without the help of government. Removing incentive to do so is bad policy.

The best savings measures can be achieved through the counting of superannuation for access to Aged Pension and limiting the amount an individual can withdraw from their fund in any one year.

Regards,

Jason Brooks

Guardian Investments Pty Ltd
Corporate Authorised Representative
AFSL 238281
P 07 3394 3755
F 07 3394 3360
M PO Box 412 Stones Corner Qld 4120