

MEDIA RELEASE Monday 12 February 2024

Simple, flexible, personal – delivering the retirement of the future, today

The retirement system of the future must be more simple, seamless and member-centric, according to the Australia's largest super fund, AustralianSuper.

AustralianSuper is contributing to an important Treasury discussion paper this week to address various aspects of the superannuation system, ensuring it remains responsive, adaptable and supportive for retirees' financial and lifestyle needs.

There are currently 1.6 million people aged 65 and over receiving income from a superannuation product, while over the next 10 years an estimated 2.5 million Australians will move from the accumulation (saving) to the retirement (spending) phase.¹

AustralianSuper Chief Officer Retirement Shawn Blackmore said in the midst of the demographic change, there was also a 'cultural shift' taking place around how people define 'retirement'.

'As the relationship between work and retirement evolves, many members are telling us they are struggling to navigate the complexities of a fragmented system, where the interplay of income from multiple income sources, be it from work, government benefits or private savings, is challenging to manage,' he said.

'Many AustralianSuper members are telling us that they want flexibility and simplicity in the retirement income system as they define what retirement looks like for them and have confidence as they enjoy this next stage of their lives.

'We have the opportunity to not only ensure the system better serves the needs of members approaching retirement now, but to create enduring changes so it delivers for all Australians for decades to come.

'This is our opportunity to take bold and decisive action to deliver a retirement system that is as visionary as the introduction of compulsory superannuation more than 30 years ago and is the envy of the world.'

AustralianSuper believes some of the reforms required include:

- Implementing an 'account for life,' so that Australians can move seamlessly between work and retirement.
- Allowing super funds to automate Age Pension applications and integrate this important income source with a member's superannuation savings.
- Changes to the tax structure to allow people to draw an income over preservation age and recontribute to their superannuation savings if they choose to work.
- Changes to enable super funds to provide more support, advice and guidance, leveraging data sharing with Government to smooth the complexity of retiring.
- Making advice laws technology neutral to leverage the potential of AI and other technologies, with the appropriate protections.

Mr Blackmore said members want to know they have enough to retire, and to be able to take a holistic view of their retirement income from different sources, including the Age Pension.

'Around 62% of Australians aged 65 and over currently receive full or partial government pension payments, demonstrating the extent of the challenge,' he said.²

'Research suggests less than half of people apply for the Age Pension immediately when eligible, with many members missing out on their full Age Pension entitlement by delaying their application.

'Having a simple, seamless and most importantly, integrated, system in retirement, as they do in accumulation, will help retirees to navigate these changes with confidence.

¹ Treasury, *Retirement phase of superannuation Discussion paper*, December 2023, p 6.

² Australian Institute of Health and Welfare, *Income support for older Australians*, September 2023

'Retirement is deeply personal. There is no one size fits all, as each retiree has their own wants, needs and expectations of this important phase of their life.

'It's important we listen to superannuation members and seek to understand their changing needs, and in response develop holistic solutions which not only build the adequacy of their savings but also their confidence to spend these savings to improve their standard of living during retirement.'

Mr Blackmore said funds like AustralianSuper are ready to provide a more personalised, simplified and technology-driven approach to retirement.

'We need to work together to ensure we don't wait another generation to ensure all Australians have the opportunity to retire with certainty, confidence and dignity.'

Media contact:

Senior Manager Media Relations

Stephen McMahon

0407 507 415

smcmahon@australiansuper.com

About AustralianSuper

AustralianSuper manages more than A\$316 billion in members' retirement savings on behalf of 3.3 million members from more than 466,000 businesses (as at 31 December 2023).

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