

# Treasurer Scott Morrison says to forget about relying on the age pension

December 1, 2015 **Sydney Morning Herald**

*Reporter - Sally Rose*

Treasurer Scott Morrison has put ordinary Australian workers on notice that they should no longer expect to receive an age pension from the government when they retire.

Meanwhile, the very wealthy have been warned generous superannuation tax breaks are set to be reined in.

In a wide-ranging speech on Friday, Mr Morrison outlined the government's vision for an overhaul of the country's retirement income system designed to ease pressure on future federal budgets: by both reducing expenditure on welfare payments, and limiting the amount of revenue forgone through tax concessions.



Association of Superannuation Funds chief executive Pauline Vamos advocates a lifetime contributions limit of \$1 million.

The Treasurer said government would act next year to alter the Superannuation Act to clarify that the purpose of the country's compulsory savings system was to enable most Australians to enjoy the "worthy prize" of an "independent retirement".

"Becoming a self-funded retiree, I think, is one of the most important objectives of any Australian ... it means you have choices and control over your life and your care," Mr Morrison said.

Currently most people can expect to receive at least a part age pension payment from the government when they retire, with their super savings providing a top-up.



The government plans to consult more widely on possible changes next year.

But the age pension should not be regarded as an entitlement for all, but rather a "welfare payment for those who do not have the ability to save enough to fund their own retirement", Mr Morrison said.

More than twenty years since compulsory superannuation was introduced the system is not yet efficient enough at meeting its objective to "supplement or replace" the age pension, he said.

Mr Morrison said the age pension should remain "as a safety net", and that people who take time out of the workforce to raise children or perform carers duties should not be left behind.



Treasurer Scott Morrison outlined the government's vision for an overhaul of the country's retirement income system.

Enshrining a definition of the purpose of superannuation in law, to better focus future policy changes, was a key recommendation of last year's financial system inquiry led by former Commonwealth Bank boss David Murray. The inquiry found that 10 per cent of Australians receive 38 per cent of super tax concessions, more than the combined benefit to the bottom 70 per cent of Australians.