# Superannuation Policy for Post-Retirement. Productivity Commission Research Paper. Volume 1: Chapters. July 2015.Superannuation Policy for Post-Retirement. Productivity Commission Research Paper. *Volume 1: Chapters*. July 2015.

Commonwealth of Australia 2015

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| The Productivity Commission |
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# Foreword

This research paper is consciously designed to complement the Commission’s 2013 flagship research paper *An Ageing Australia: Preparing for the Future*. That paper dealt with demographic change and the pressures on the Commonwealth and the states and territories, with particular interest in incentives to remain in work for a longer–lived and healthier population.

As a number of commentators pointed out at the time, access to superannuation has potentially similar disincentives to continuing employment as Age Pension access arrangements. This paper reviews that general area. It offers a unique insight into how individuals are likely to respond to a change in the age at which they can access their superannuation, including the implications for Age Pension outlays and taxation revenues. The participation rate of older Australians — an important consideration in a coming era of lower participation generally — is also examined. The report also considers whether the way people draw down their superannuation (and in particular the use of lump sums) is problematic.

Read together, and with work now commencing into the housing decisions of older Australians, these reports should assist policy‑makers to actively consider options to address national welfare improvement in an ageing Australia.

This paper was produced by a team led by Dominque Lowe, and included Anderson Cheung, Elina Gilbourd, Pragya Giri, Suzana Hardy, Philip Harslett, Alan Raine, Leo Soames and Vernon Topp. This paper was overseen by Commissioners Karen Chester and Angela MacRae.

Peter Harris

Chair

July 2015

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The Commission’s report is in two volumes. This volume contains the overview and chapters. Volume 2 contains the supplementary papers, detail around the conduct of the project, and references. The modelling papers referred to in the report are available from the Commission’s website (www.pc.gov.au).

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### Use of HILDA data

This paper uses unit record data from the Household, Income and Labour Dynamics in Australia (HILDA) Survey. The HILDA Project was initiated and is funded by the Australian Government Department of Social Services (DSS), and is managed by the Melbourne Institute of Applied Economic and Social Research (Melbourne Institute). The findings and views reported in this paper, however, are those of the author and should not be attributed to either DSS or the Melbourne Institute.

# Abbreviations and explanations

Abbreviations

ABS Australian Bureau of Statistics

APRA Australian Prudential Regulatory Authority

ASFA Association of Superannuation Funds of Australia

ASIC Australian Securities & Investment Commission

ATO Australian Taxation Office

CEPAR ARC Centre of Excellence in Population Ageing Research

CIPR Comprehensive Income Product for Retirement

CPI Consumer Price Index

FSI Financial System Inquiry

FUM Funds under management

HILDA Household, Income and Labour Dynamics in Australia Survey

IGR Intergenerational Report

NATSEM National Centre for Social and Economic Modelling

OECD Organisation for Economic Co-operation and Development

PBO Parliamentary Budget Office

PC Productivity Commission

PCRM Productivity Commission Retirement Model

SG Superannuation Guarantee

SIH ABS Survey of Income and Housing

SMSF Self-managed Superannuation Fund

TTR Transition to Retirement

Explanations

|  |  |
| --- | --- |
| Billion | The convention used for a billion is a thousand million (109). |