

80% aged over 60 died without superannuation

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Mike Taylor, Managing Editor/Publisher, Financial Newswire

Eighty per cent of people aged 60 and over who died between 2014 and 2018 had no superannuation at all in the period up to four years before their death.

That is the startling analysis of Australian Taxation Office (ATO) conveyed to the Government as part of a key consultation around the objective of superannuation and pointing out just how many people are outliving their superannuation balances.

The analysis comes amid arguments about how many people fail to use all their superannuation in retirement and amid the Government's looming May budget move to reduce tax concessions on balances over \$3 million.

The analysis found that around 35% of those aged over 75 have superannuation, 58% for those aged 65-74 (2019-20). And, where death benefits are concerned, the HILDA data shows that 80 per cent of people aged 60 and over who died between 2014 to 2018 had no super at all in the period of up to four years before their death. For those aged 80 and over, 90% had no super in the four-year period before their death.

The analysis has formed part of an Association of Superannuation Funds of Australia submission to a Treasury consultation on the objective of superannuation with the organisation stating: "Delivering income in retirement must remain a priority for the superannuation system (and for the formulation of the objective) but policymakers should be careful not to overstate any current concerns about members under-consuming their savings".

The ASFA submission makes clear the significant divide between APRA-regulated superannuation funds and self-managed superannuation funds (SMSFs) on the question of the Government forthcoming change to superannuation tax concessions.

ASFA states in its submission that "the recent announcement by the government to introduce 30% tax on super balances above \$3m is intended to reinforce the purpose of the super system to provide income in retirement by addressing concerns that superannuation savers may be focusing disproportionately on wealth accumulation and intergenerational transfers".

“In making this change the Government has argued very high total super balances are better described as having a purpose other than providing income in retirement,” it said.

Elsewhere in its submission, ASFA has urged greater legislative recognition of the role of insurance inside superannuation, suggesting that it be recognised in the Explanatory Memorandum to the bill for defining the objective of superannuation,

“The superannuation system provides insurance that delivers valuable protection to the community and meets members’ needs at reasonable cost. The Explanatory Memorandum to the Bill should recognise alignment of the role of insurance with the objective and clarify the intent of the objective as proposed in the Bill is not to affect the existing role of insurance in superannuation,” the submission said.

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