



COTA Over 50s Ltd.

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Dr Ken Henry
Chair, Review of
Australia's Future Tax System
The Treasury
Langton Cresc
Parkes ACT 2600

27 February 2009

Dear Dr Henry

I have pleasure in enclosing the response by COTA Over 50s to the Retirement Incomes Consultation paper.

COTA Over 50s considers the following core principles essential to a comprehensive retirement income system for older Australians - adequacy, fairness, certainty, sustainability and simplicity.

COTA Over 50s supports the notion of Australia pursuing a 'three pillar' retirement income scheme based on age pensions, superannuation and other private savings/income and which has regard for a benchmark that provides the minimum level of disposable annual income necessary for the maintenance of a modest standard of active and dignified living in later life.

COTA Over 50s has serious concerns about the fairness of the policy, administrative and taxation arrangements that currently apply to superannuation compared with pensions and savings. The current regime of tax concessions on superannuation (employer contributions, fund earnings and salary sacrifice contributions) should be thoroughly overhauled. The Taxation Review must achieve commensurability and transparency across the pensions, income support,

superannuation and tax systems in order to deliver fairness and ensure that the needs of the most disadvantaged seniors are met.

It is increasingly inappropriate to draw a hard line separating 'retirement' from other stages of life. Pension and superannuation systems must reflect the realities of people's lives and preferences. Incentives for seniors to save and to work are desirable, but must build the capacity of the system to deliver adequacy for those who rely solely on the pension and other government support.

Our submission responds to each of the Consultation Questions, explaining COTA Over 50s' assessment of the issues involved, and providing several recommendations for action.

Your Review is clearly a peak event in the formulation of policy for pensioners and other retirees, and one that will have a significant impact for many years to come. We commend your efforts thus far, and look forward to an outcome that will deliver a robust retirement income system for older Australians while attracting broad political and community support.

Sincerely

Geoffrey Bird

Dr Geoffrey Bird
Executive Director
COTA Over 50s Ltd.