Retiring not so super as half survive on pensions

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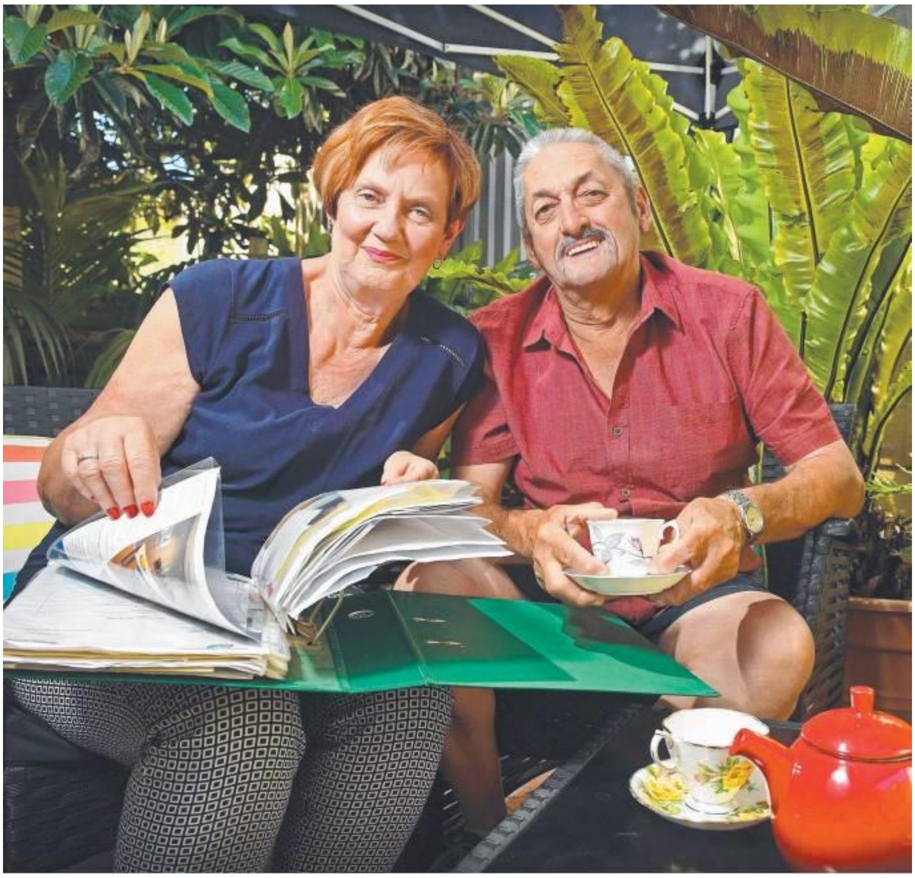

CONFUSING: Retirees Sue and Peter Nugent are trying to keep on top of the changes. Picture: TOM HUNTLEY

ALMOST half of all retirees say their main source of income is government pensions, despite 25 years of compulsory superannuation beefing up their nest eggs.

Key government changes to funds are eroding confidence in the system, and experts have called for the compulsory Superannuation Guarantee payments – currently 9.5 per cent of workers' income – to rise further to avoid a pension payment crunch for future generations.

New Bureau of Statistics figures show that 49 per cent of men and 45 per cent of women rely on government pensions and allowances as their main income source.

One-third of male retirees say super provides their main income, but for women it's only 17 per cent, while 37 per cent of retired women live on their partner's income.

The numbers have improved since 20 years ago, when more than 65 per cent of retirees received most of their money through pensions, but show super still needs decades to mature.

Super only became compulsory in 1992 at just 3 per cent of workers' wages. Moves to push it to 12 per cent this decade were announced then stopped by Canberra's politicians.

The current timeline is for the SG to rise from 9.5 per cent to 10 per cent in 2021, then to 12 per cent by 2025, but the Association of Superannuation Funds of Australia says it needs to happen much "sooner rather than later".

Marinis Financial Group managing director Theo Marinis wants a faster rise, and an end to rule changes: "They have got to stop mucking around with it and undermining confidence".

He said without compulsory super very few people would save for their future. "Everyone retired now has and will have a much better retirement than they would if there were no super system."

Mr Marinis said super was still a few decades from reaching its full potential because many retirees received nothing for half their working lives, so they missed the effect of their investments compounding over several decades.

Certified financial planner Patrick Canion said compulsory super at 9.5 per cent was not enough on its own to produce fully self-funded retirees.

"Although there were tax incentives to save more, these haven't been used enough and now in the past few years they've been reduced, so people planning on topping up close to retirement can't," he said.

"The rule changes created uncertainty and distrust, Mr Canion said. "For over 30 years I've heard people complain about politicians playing with super and they are right.

"Governments need to give a generational guarantee of no changes to super to restore trust. They did it with the Future Fund, they can do it with super."

Adelaide retirees Sue and Peter Nugent receive a mixture of pension and superannuation money and say several of their retiree friends also have this income mix.

Mrs Nugent, 66, said the constant stream of super rule changes could be confusing.

"There's always changes occurring and you really have to keep on top of them," she said.

"We have had a financial adviser for some time, and we wouldn't want to be managing it without some advice."

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