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5 April 2013

Mr G Leveritt
Senior Lawyer
Strategy & Policy
Australian Securities and Investments Commission
GPO Box 9827
MELBOURNE VIC 3001

Dear Sir,

RE: CONSULTATION PAPER 203 (“CP203”) – COMMENTS

We have reviewed the document “CP203: Age Pension Estimates in Superannuation Forecasts: Update to Regulatory Guide 229 (“RG229”)” dated 20 March 2013 (the “Paper”).

We wish to make the following submission in our capacity as actuaries working with superannuation calculators.

Proposed Amendments

The stated objective of developing RG229 was that *“a retirement estimate would give a super fund member an indication of how much money they may receive from their superannuation when they retire. This would **prompt** the member to engage with their superannuation and undertake **further** investigation...”*

In our opinion, including the age pension in retirement estimates under the proposed set of assumptions contradicts the objective for the following reasons:

1. It renders the retirement estimate calculation unnecessarily complicated.
2. It provides a potentially “misleading” retirement estimate for the many individuals who do not adhere to the “majority” of assumptions.
3. Due to the extra calculations and disclosures, it is a costly exercise for potentially not much real benefit to members.

By including the age pension in retirement estimates, there is the potential to mislead or overstate an individual’s estimated retirement benefit.

Whilst the assumptions provided in the Paper may be considered to reflect the majority of current retirees, they do not necessarily reflect the circumstances of other age groups when they retire – i.e. there are changing trends not taken into account.

Assuming individuals retire at the age pension eligibility age is not an unreasonable assumption and it is consistent with current practice. However, it does perpetuate the “myth” that individuals cannot retire until the age pension eligibility age.

Therefore, we do not support including the age pension in retirement estimates under the proposed set of assumptions in the Paper.

Possible Solution

One simple solution would be to provide figures for full pension amounts with the retirement estimate and a note to speak to a financial adviser for individually tailored advice.

Should you wish to discuss any aspect of the above, or a related matter, please phone me on

Yours sincerely,

Su Li Sin FIAA
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