Detailed principles and quantified goals of superannuation

ASFA believes that the following principles should underpin any retirement incomes policy decisions:

1. **Adequacy:** as many people as reasonably possible should have an adequate income in retirement;
2. **Universality:** the retirement income system must be comprehensive in its coverage and inclusive of people in different types of employment structures, stages in the employment lifecycle and levels of income;
3. **Equity:** outcomes must have both intra-generational and inter-generational equity and taxation must reflect the principles of a progressive tax system;
4. **Simplicity:** it must be easy to understand and implement;
5. **Sustainability:** delivers on its intended objectives within the fiscal constraints of the government and taking into account demographic factors that contribute to fiscal outcomes;
6. **Three-pillar:** retains the three existing pillars of the retirement system – the safety net of the Age Pension, mandatory Superannuation Guarantee contributions and voluntary savings, both inside and outside superannuation;
7. **Sole purpose:** the system is about replacement income in retirement, and opportunities for accumulating excessive superannuation balances in a concessionally-taxed environment (for example, with a view to generational transfer) should be minimised;
8. **Prudentially regulated:** Given the mandatory nature of superannuation, systemic risks within the superannuation industry, as well as individual entities that manage other peoples' money, must be supervised by a prudential regulator.

2050 objectives

Less than 20% of retired Australians over Age Pension qualifying age relying solely or almost exclusively on the Age Pension

Age Pension expenditure and tax expenditure on superannuation of **less than 6% of GDP**

Australians retiring with an income replacement rate in retirement **in excess of 65%**

At least 50% of Australians able to cover their expenditure in retirement and have a 'comfortable' lifestyle in retirement