

MEDIA RELEASE

Government response to set goalposts for retirees

20 October 2015 – Challenger welcomes the Government's response to the Financial System Inquiry (FSI) which will significantly improve outcomes for retirees and the sustainability of Australia's superannuation system.

Challenger Chief Executive Officer Brian Benari said: "Australia is facing a retirement revolution. The Baby Boomer generation are just starting to retire with about 700 people turning 65 every day, so it's vital we have the policy settings and wide range of retirement income products to give retirees the best chance of achieving financial security.

"In confirming that it will legislate the objective of superannuation, the Government will be setting the goalposts for the superannuation industry to aim between. This will contribute to greater long-term confidence in the system and ensure the focus is on providing Australians with an adequate level of retirement income."

Challenger believes the Government's decision to move forward on a proposal that super fund trustees facilitate pre-selection of a Comprehensive Income Product for Retirement (CIPR) will help retirees meet their future needs.

Mr Benari said: "Defined contribution systems like Australia's give a clear pathway to saving for retirement but until now Australians have been left to fend for themselves at the most critical time.

"CIPRs will help people manage complex decisions at retirement by allowing retirees to opt-in to a retirement solution which suits their circumstances, including a stable income stream, flexibility and longevity risk protection.

"Australians are living much longer and need their retirement solutions to provide reliable income streams which last as long as they do. Annuities combined with an Account Based Pension provide a powerful solution."

Challenger will contribute to the Government's consultation on CIPR legislation and will work with super funds to develop a range of CIPRs to meet their members' needs.

"In line with the Government's announcement today, we look forward to the Government's release of its Retirement Income Stream Review which we expect to increase the range of retirement income products available for Australian retirees, including deferred lifetime annuities. This is critically important to improving retirees' financial security," added Mr Benari.

About Challenger

Challenger Limited (Challenger) is an investment management firm managing more than \$56.1 billion* in assets. It is focused on providing Australians with financial security in retirement.

Challenger operates two core investment businesses, a fiduciary Funds Management division and an APRA-regulated Life division.

Challenger Life Company Limited (Challenger Life) is Australia's largest provider of annuities.

*30 September, 2015