

Senate Standing Committee on Economics

ANSWERS TO QUESTIONS ON NOTICE

Treasury Portfolio

Supplementary Estimates 22-23 October 2008

Question: sbt 77

Topic: Retirement Incomes

Hansard Page: E126

Senator EGGLESTON asked:

Senator EGGLESTON —.....And the Reserve Bank has released figures which show that household net worth fell by 4.9 per cent in the first six months of 2008. What implications does Treasury expect from this for retirement incomes over the next decade?

Mr Gallagher —In modelling retirement incomes we normally have assumed an average return to assets in the long term, which factors in downturns. What has traditionally happened to modelling is that before a market adjustment everyone says that our projections are too low and after the adjustment everyone says the projections now look about right. We are returning to the period where they look about right in terms of the conservative way we project assets.

Senator EGGLESTON —So what are those projections?

Mr Gallagher —Our most recent set of asset projections were published in a paper for the July Colloquium of Superannuation Researchers. I am very happy to provide a copy of that paper to the committee

Senator EGGLESTON —Thank you very much.

Answer:

A paper titled ‘Projecting the Distributions of Superannuation Flows and Assets’ by Dr George Rothman and David Tellis¹ was presented to the 16th Colloquium of Superannuation Researchers at the University of NSW on 4 July 2008.

An electronic copy of the paper can be found at:

http://www.rim.treasury.gov.au/content/CP08_1.asp

¹ Authors are members of the Retirement & Intergenerational Modelling & Analysis Unit within the Australian Treasury.