

20 November 2020

A retirement that never comes: COVID-19 workers will work until they drop if super rise delayed

As the Morrison government refuses to rule out scrapping the superannuation increase to 12% despite releasing the Retirement Income Review, a new report released by the ACTU today analyses the impact on retirement savings the delay in increasing super will have on workforces that have proven critical through the COVID-19 crisis.

The report – *A retirement that never comes* – finds many workers who are carrying Australia through the pandemic will be forced to work well into their 70s if the legislated increase in superannuation is cut by the Federal Government.

The lost savings from the 2014 delay and a further delay in 2020 ranges between \$70,000 for a pharmacist or retail worker and \$149,000 for police and teachers.

When the impact of early access of superannuation is accounted for, these numbers rise to \$109,000 to \$192,000 in lost retirement savings for those forced to use \$20,000 of their super today.

Even assuming a modest lifestyle, this is the equivalent of 4-7 years of lost retirement savings, forcing people to work long into the best years of their retirement.

The only alternative will be to retire into poverty and rely on an inadequate pension, at great cost to the taxpayer.

Quotes attributable to ACTU President Michele O’Neil:

“Once again the Morrison government has failed to be honest with the Australian people about the future of their retirement incomes.

“The Retirement Income Review was supposed to provide certainty, instead the Australian people are left wondering whether next year’s superannuation increase to 12%, promised to them and enshrined in law will be stripped away by this government.

“Any further delay to the super guarantee increase will rob millions of workers of the best and healthiest years of their retirement, including workers who have performed essential work during the crisis.

“For millions of Australians, delaying the super increase means a life where the retirement they work so hard for, simply never comes.

“This is particularly true for working women. Already, over 70% of women have estimated balances under \$150,000 and almost a quarter have balances less than \$50,000.

“Delaying the super increase punishes the workers who have paid the biggest price to keep us safe. They have lost hours, pay and jobs and many have run out of sick leave, annual leave and long service leave – now they are being asked to sacrifice their retirement years.”

“Instead of enjoying their life after work, people will continue often in back-breaking and mentally exhausting jobs like aged care, disability, cleaning and construction well into their 70s.”

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