

Retirees win super relief

- **Max Newnham**
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HUNDREDS of thousands of self-funded retirees have been granted a reprieve from superannuation rules to help them cope with the global financial crisis and the resulting slump in the value of their savings.

The Federal Government yesterday announced a temporary relaxation of rules that require people on private superannuation pensions to withdraw a minimum amount every year.

Under the rules, people on account-based super pensions must withdraw between 4 and 14 per cent of their savings annually, depending on their age. The money must be withdrawn regardless of whether the person needs it or not.

But since people's super savings have been tumbling in value with world sharemarkets, concern has grown that many people would in effect be forced to cash in their investments in a depressed market, incurring big losses just to meet the super withdrawal requirements.

To allay the concerns, Treasurer Wayne Swan and Superannuation Minister Senator Nick Sherry yesterday announced a 50 per cent reduction in the minimum payment for the current financial year.

The decision means that people who have already withdrawn at least half of their minimum pension for the 2008-09 year can cease withdrawals for the rest of the financial year.

This should mean they will not be forced to sell any superannuation investments into the depressed market.

And if world markets are still depressed come July 1, this should mean their minimum pension payable for the 2009-10 year will also be reduced.

The temporary relief also addresses the concern that the minimum drawdown requirement was set based on asset values as at last July 1, when equity values were higher.

"The Government recognises that the significant downturn in global financial markets has had a negative effect on retirees' superannuation capital in account-based pensions," Mr Swan said.

The Government would continue to monitor market conditions and examine options for a longer-term solution following the Henry review into taxation.

Opposition superannuation spokesman Chris Pearce welcomed the Government's ruling, but said it was long overdue.

He also said the move did nothing for Australians hit by the Government's "bungled" bank deposit guarantee, which had resulted in the freezing of formerly stable investments such as mortgage trusts and cash management trusts. With AAP