THE VOICE of Pensioners and Superannuants online

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Attention pollies up for re-election: our readers support a pension review

OUR post about the need for a pension review attracted some strong responses from members and readers.

Jim Christie writes:

I support a review of the Age Pension, in particular the Pensioner Beneficiary Living Cost Index (PBLCI)! That Index was obviously designed by government bean counters to include only those supermarket items not often required. What heartless governments do as a matter of routine is ignore the fact that a typical bag of food has risen from $45 to $65 in just 12 months.

What we need is an independent authority to determine the real percentage increase across the board with everything required to maintain an existence, i.e., not a luxury type but one that includes the full spectrum of what it costs to live.

What Jim Christie has identified is that the pension gets indexed with a six-month delay. This means that the price increases in the lead up to March and to September indexations have to be covered on the old pension amount. When the inflation rate is low, this may not be such a big problem, but when inflation takes off, as it now seems to have done, the effect on pensioner budgets is scary.

Barbara Newman points out how a drought can cast a long shadow over pensioner budgets:

I do urge members to seek a review of the pension. In the last six years energy costs have risen 25 per cent. Groceries and meat have both gone up due to drought that killed off a lot of Australia's livestock. A leg of lamb used to be around $20, now it is $40.

The Prime Minister wastes money all the time whilst pensioners struggle to survive. His Robodebt ripped more than $6,000 from me and I had to borrow from the bank to pay the government the $6,000.

Dale Henry says a higher pension is good for the country as a whole:

I would support a review into the social security situation for those that are clearly struggling to cover day to day essential needs.

We hear critics say welfare recipients are getting "free" money and so on. They don't "get" the money. Landlords, Woolworths, Coles, Telstra, pharmaceutical outlets, utilities service providers, and government agencies are the real recipients, because that's where the money ends up.

The money is barely in their hands for 24 hours before most of it has found its way into those companies' bank accounts.

Social security spending is stimulating the economy. GST, income tax and levies are also taken from that spending at the retailers' end. Their spending creates jobs, and those workers pay tax and on it goes.

An increase in pension payments will obviously keep that cycle going and provide the recipients with a better quality of life.

Eileen Williams stresses the need for people to get up in arms about a pension increase:

I support a review of the pension!

Why is there no full-scale media coverage of this? Wouldn't a nationwide petition for all to sign be helpful? Wouldn't it be helpful to send this kind of message/petition to the Government, and to get widespread media and TV coverage? It all seems to have gone very, very quiet for the plight of pensioners in Australia.

And **Marilyn Orman** says the problem with the pension is simply that it is not enough:

I fully support a review of pensions. Due to chronic illnesses both my husband and I are now on the disability pension. It's not something we planned to do as we both wanted to stay in the careers we had worked in for over 40 years, but unfortunately our illnesses decided otherwise.

The amount we get each fortnight is so low that I have to work out what bills we can afford to pay and what food we absolutely need. Special treats don't exist anymore and going out never happens. These we can live without but the essential things we forgo aren't things we should go without.

Please review the pension rate and make it something that we can actually "live" on each fortnight.

Robert Wilson points out that raising the pension won't solve all the problems:

I agree that a review is needed. As a country we should look after the not so well off: the unemployed, low-income wage earners and pensioners.

It is not about just increasing the payments but building the correct buildings, starting with housing for those on low incomes.

Ron Lloyd says it's getting harder to get by:

I have been on the Age Pension for 25 years and while I own my own home, I have found it increasingly difficult to make ends meet.

While my whitegoods are in reasonable shape, I won't be able to afford to upgrade when the time comes.

I have many mobility issues. Consequently, I am mostly confined to home and rely on my canine companion/partner, who is due for her annual physical and dental check up tomorrow. That I will manage to pay for, but personal needs are a "no go" for months.

I feel a thorough review of the Age Pension and other social welfare payments are definitely due.

If you agree that politicians should commit to a pension review in the lead-up to next year's federal election, drop us a line saying so and why you feel strongly about this: voice@cpsa.org.au .

Live regionally, not happy with your bank? Here's a survey for you

THE Australian Government has established a Regional Banking Taskforce with the purpose of bringing banks and regional community members together to assess the impact of bank branch closures and of identifying potential solutions to the accessibility of banking services.

The government has released an issues paper calling on interested groups to respond to consultation questions. CPSA intends to respond.

Within the issues paper it is stated that from 2017 to 2021 regional bank branches have fallen from 2,500 to 1,900, the number of ATMs has also fallen by roughly 20 per cent since 2016. The paper suggests a driving factor of these banking services is the significant uptake of internet banking services.

According to the issues paper more than 80 per cent of Australians prefer to pay bills, transfer money, or check account balances online and less than 20 per cent say they prefer to do banking activities in branches.

It is also stated in the issues paper that given the decreased use of branches and the cost to maintain them, it may be hard for branches to remain viable and could increase the cost of providing these banking services.

Although bank branches are closing, an alternative, Bank@Post, has become increasingly useful to many people.

Bank@Post involves post offices providing banking services to customers of over 80 financial institutions. Bank@Post services allow people to withdraw and deposit cash, withdraw change to use for business cash floats, to check account details, to deposit cheques, to pay bills, to transfer funds and to make credit card repayments.

Bank@Post services do not allow for the opening and closing of savings accounts, for the reporting or locking of a stolen card, for the activation of a bank card, for the changing of a card PIN, or for the application for a loan or mortgage.

There are over 3,500 Australia Post offices that offer these services including 1,900 in regional locations, 1,145 of which operate in communities without a bank branch.

The issues paper also noted that currently in New Zealand there is a regional banking hub pilot program underway. A partnership of six New Zealand banks has created banking hubs in regional towns to provide basic banking services including ATM withdrawals and deposits and other basic transactions available to be used with provided tablets and phones with staff (yes, real people) on hand to assist. This could be a potential alternative to bank branches that could rival Bank@Post services.

If you live in a regional area and are concerned about bank branch closures, please take two minutes, and click on this link to answer a few questions that will help shape CPSA's response to this consultation.

Hey presto, here's your automatic financial advice!

AUTOMATING financial advice, not more, cheaper financial planners! This could be the solution to a problem faced by so many retired people and people intending to retire.

The problem is how to invest your capital and spend it at the same time. Or, as economics Nobel laureate William Sharpe described it, the "nastiest, hardest problem in finance": working out how to manage and draw down your capital without falling short at the end.

In 2022, roughly 250,000 people will retire. Most will not have a clue about how to use their retirement spending.

How do we know this?

From the loud complaints by self-funded retirees trying to live off interest and/or dividends in the belief that their capital should not be touched. They note that their retirement income is less than the Age Pension, forgetting they have capital to spend too.

Superannuation funds offer no meaningful assistance to people who retire.

If you ask for help, you may be offered a self-help tool that doesn't answer your questions. Either that or you're told to get personal financial advice, and that will cost you thousands.

Professor Hanrahan of the UNSW Business School and David Bell of the Conexus Institute have proposed a standardised web-based tool to inform people about the retirement income products needed to make their superannuation savings last a lifetime.

Writing in the Australian Financial Review (24 November 2021), they propose

"deploying a standardised tool for retirement transition support, directed at the 90 per cent of people with superannuation whose accumulated balances are neither very low nor very high."

They go on to explain how their web-based tool has four components.

First, it collects information about the person and their household.

Second, it finds available financial products that might be suitable.

Third, it automatically comes up with a recommendation on how to allocate retirement savings to and between different types of financial products. This would usually be an account-based pension with a tailored drawdown schedule, and an annuity-type product that guarantees income no matter how long a retired person lives.

Fourth, it packages up this recommendation along with other valuable information into a retirement plan which can then be executed by a financial products provider.

The idea is not new or novel, but, say Hanrahan and Bell, "for the past three decades, two factors have militated against it".

First, financial planners have fought a turf war against it.

Second, governments have been afraid of an innovation opposed by the powerful financial planning industry, which used to be dominated by big financial institutions.

After the Banking Royal Commission, it might be time to look at automated financial advice again.

Providers flood new National Aged Care Advisory Council

ONE of the things CPSA told the Aged Care Royal Commission was that aged care providers were over-represented on government-appointed boards and committees.

In a 2020 submission to the Royal Commission, CPSA said this about the then-membership of the powerful Advisory Board to the Aged Care Quality and Safety Commission (ACQSC), which is tasked with enforcing compliance with aged care standards:

What stands out is the membership of the ACQSC Advisory Council of Dr Stephen Judd and Mr Paul Sadler, who are both employed as CEOs by large, aged care provider organisations, which the ACQSC is tasked to regulate. It is difficult to see how these two members would be able to attend any meetings of the ACQSC Advisory Board without having a continuous and significant conflict of interest as, apart from Board housekeeping items, every item of

business discussed at the Advisory Board meetings would impact on the business of their employers.

Dr Judd and Mr Sadler are no longer members of the ACQSC Advisory Board.

What is more, the ACQSC Advisory Board is now free of any provider membership.

We were about to celebrate an important CPSA advocacy win when an announcement by the federal Health Minister stopped us in our tracks.

The Minister announced his appointments to the new National Aged Care Advisory Council. The creation of this Council was recommended by the Royal Commission, along with the creation of a Council of Elders. Neither body forms part of an aged care regulator, either ACQSC or the federal Department of Health.

All good, you would think.

But then it turns out that seven of the seventeen members of the new National Aged Care Advisory are CEOs of big aged care provider organisations.

It also turns out that a further two appointees are consultants to aged care providers.

One other appointee's day job is to chair the Aged Care Industry Workforce Taskforce, no guessing its membership composition.

And, most importantly, the Chair of the new National Aged Care Advisory Council is also the Chair of the sanitised Advisory Board to the ACQSC. Two other appointees, the CEOs of the Council on the Ageing and Dementia Australia, also continue on the ACQSC Advisory Board.

To CPSA this smacks of deliberately implementing a Royal Commission recommendation while defeating it at the same time. Sure, no aged care provider is part of the regulator anymore. But what we have is a paper-thin Chinese wall, and everything being said in the new Council and in the old Board can be heard loudly and clearly by both.

Also, even though the Royal Commission has said, and everybody else agrees, that staffing in both residential care and home care is key to improving safety and quality in aged care, no union leader is on either body. Staff are not represented.

And the Council of Elders?

Well, the CEO of COTA (member of both the new Council and the old Board) has been appointed Chair. Further appointments are pending.

Nothing has changed really.