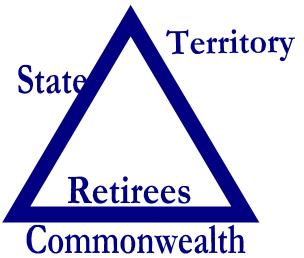

Australian Council of Public Sector Retiree Organisations Inc.

ABN 74 202 015 642



Peak Council representing Commonwealth, including military, State, Territory and other public sector retirees.

12 Muresk Street, Farrer ACT 2607

12 September 2016

Poorer Defined Benefit Pensioners continue to suffer

The 2015 Budget measure known as the 10% Cap came into effect on 1 January 2016. The measure reduced from a maximum of about 50% to 10% the amount of tax-free income that defined benefit pensioners can exclude from the Age Pension income test.

In other words, without any attempt at “grandfathering”, to maintain equivalence with the Age Pension treatment of other forms of superannuation income, the 10% Cap reduced many defined benefit retirees' income very savagely and suddenly. Some appear to have had less than three weeks warning of an 8-10% loss of income.

The financial effect of the 10% Cap measure has fallen predominantly on defined benefit pensioners – teachers, emergency service personnel, clergy, as well as State and Commonwealth public servants – who are on quite modest retirement incomes. Almost none of the data appears to match Mr Morrison’s May 2015 attempt to justify the measure by giving a presumably hypothetical example of a retiree couple with a defined benefit pension of \$120,000 who could have been receiving a very small part Age Pension.

The Australian Council of Public Sector Retiree Organisations (ACPSRO) has compiled a special webpage to provide affected retirees with a chronology and relevant documentation so that they can continue to protest to their local Members of Parliament. Go to <http://www.scoa.asn.au/acpsro/>

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