

From: Colin Grenfell <colin.grenfell2@outlook.com>  
Sent: Thursday, 30 September 2021 1:18 PM  
To: Superannuation  
Subject: Retirement Income Covenant Bill Exposure Draft

Director, Tax and Transfers Branch  
Retirement, Advice and Investment Division, Treasury

I am a retired Actuary and superannuation consultant. I was employed for approximately 30 years in a number of actuarial, superannuation and investment roles and during the past 20 years I have held various superannuation trustee directorships and was a part-time member of the Superannuation Complaints Tribunal (SCT).

Having closely studied the original "CIPR's" and the recent Retirement Income Covenant Position Paper, I am very pleased to endorse the September 2021 Exposure Draft of the Treasury Laws Amendment Bill.

My only concern, and the reason for this submission, is the following rather dogmatic, yet unfortunately incomplete, sentence in 1.42 of the Explanatory Memorandum:

**"It [inflation risk] is the risk that a person's income does not maintain its purchasing power over time".**

I recommend that this sentence be broadened to something like:

**"It [inflation risk] is the risk that a person's income does not maintain its purchasing power or**

**that it falls behind changes in community living standards over time".**

I realise, and I am pleased to see, that Schedule 1, item 2, section 52AA(2)(b)(iv) of the Bill allows for "any other risks to the sustainability and stability of the retirement income". However, my concern is that the Explanatory Memorandum, as currently drafted, makes an overly narrow statement that appears to conflict with sub-sections (b)(iii) and (b)(iv) of the Bill. As a retired person myself, I do not wish to have the trustee of my superannuation fund establish a strategy that does not recognise the risk that increases in my retirement income might fall behind improvements in community living standards. I wish to have a standard of living that keeps pace with that of my children and grandchildren.

The change that I am suggesting above is consistent with the Actuaries Institute's 6 August 2021 to submission to Treasury which said (see page 5):

"Some retirees will be concerned that they are falling behind community living standards".

The Actuaries Institute submission also explained that "some retiree's spending needs will not decline over the course of their retirement, in particular the less well off".

Yours sincerely

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Would you please confirm receipt of this submission.