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To Whom It May Concern

## **Retirement Income Disclosure Consultation Paper**

Thank you for the opportunity to comment on the Retirement Income Disclosure Consultation Paper (the paper).

SCOA supports in principle the contents of the paper and the objective to provide prospective retirees with information about the various retirement products that are available in an easily understood way to enable them to choose the one(s) that suit their (personal and financial) circumstances best, including the use of the “\$100,000 example” as a guide, shown in today’s value, and a graph that illustrates the gradual reduction of the capital and annual income. This may provide a necessary reality check for some.

Regarding access to capital, SCOA prefers option B, the table format as shown on page 8 in the paper. It spells out in dollar and percentage terms the amount available for drawdown at any given age. It is clear and cannot be misinterpreted.

### **Additional recommendation – include financial literacy syllabus in schools**

The paper mentions a lack of competition in the superannuation market, partly due to “disengaged members”. SCOA believes that this disengagement is partly caused by a lack of knowledge and understanding of the superannuation and retirement industry and SCOA calls on the government to roll out a standard financial literacy syllabus in schools starting in the first year of High School.

### **Overall recommendation – use plain English**

As the objective of the current process is to find ways to provide prospective retirees with information that is easy to read and understand and use to make a decision regarding their retirement income, it cannot be emphasized enough how important it is that this be provided in “plain English”, for example the use of the term “take home pay” rather than “retirement income product”, as suggested.

This is also important when describing investment risks and mitigation strategies. Using “industry” and/or technical terms, such as “commutable value” or “negative semi-deviation”, is not helpful to consumers who do not understand the terms and will only confuse them further.



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SCOA would welcome the opportunity to participate in Treasury's consumer testing if and when appropriate.

Thank you for considering our submission.

Yours sincerely

A handwritten signature in black ink, appearing to read 'Peter Illidge', written in a cursive style.

Peter Illidge  
PRESIDENT