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PM's minimum drawdown concession welcome relief for retirees

Older Australians have described Julia Gillard's announcement this morning to reduce the minimum draw down requirements on the allocated pension accounts of self funded retirees as welcome relief.

National Seniors chief executive, Michael O'Neill, said that despite reports of superannuation funds showing positive returns in 2010, continuing hits on European and American stock markets were sparking fears of a double dip global recession.

"With superannuation returns going into negatives, older Australians nearing, or in retirement, took significant hits during the global financial crisis," he said.

"At the time, the only option for many was to delay their retirement and ride out the storm in order to protect their super nest eggs".

"On paper things might look rosy now but recent and continuing volatility in the European economies is creating some uncertainly for older Australians".

"We're really not quite sure what's in store for us in the year ahead. This announcement will give many seniors peace of mind in the coming months," said O'Neill.

"The Prime Minister's announcement means that self funded retirees won't be forced to sell in a down market in order to meet the full minimum drawdown requirements of superannuation-linked pension funds," said O'Neill.

As a vehicle for retirement funds with significant tax concessions, it is a requirement that minimum payments be made from superannuation account-based pensions at least annually.

Minimum payments are determined by age and the value of the account.

Bearing in mind the effects of the global economic crisis, since the 2008-09 financial year self funded retirees have only been required to draw down 50% of their minimum annual pension payment.

Ms Gillard's announcement today marks an extension of that concession into the 2010-11 financial year.

This initiative is a direct response to National Seniors' lobbying efforts.