

'Simplified Super' fails to hit the mark

CITIBANK RELEASES EARLY FINDINGS OF FOURTH RETIREMENT INDEX

Sydney, 18 December 2006: Despite the best efforts by the Federal Government's *Simplified Superannuation* initiative, the majority of Australian retirees and semi-retirees don't understand the May Budget's superannuation changes and their affects, according to the latest Citibank Retirement Index.

According to the findings, only 24 per cent of retirees claim to fully understand the revised superannuation laws and their implications, with a further 27 percent aware of the changes but reporting little knowledge of their impact.

Disturbingly, 47 percent of retirees are either unaware of any changes to the super system or report having minimal knowledge of them.

Andrew de Vries, Head of Investments at Citibank said the government's 'simplified superannuation' messages were simply not being heard and as a result many Australians near or at retirement age may be failing to reap the intended benefits.

"Our research indicates there is still a significant level of ignorance relating to the budget changes. Delving deeper into the findings, of those 51 percent who were actually across the changes, 47 percent of those had no idea whether they would be better or worse off and 10 percent actually believed they would be worse off." Mr de Vries said.

"One of the government's key goals for simplifying the super system was to reduce the need for obtaining financial advice. But it is likely that the failure to discuss these important changes with a financial advisor has contributed to the high levels of misunderstanding. It may also explain why 86 percent of retirees have either made no effort or have no intention to make changes to their personal financial plans in response to the amendments.

"The objectives of the initiatives are to simplify super and make it easier; improve incentives to work and save and introduce greater flexibility in how super savings can be drawn upon in retirement. But if you're not across the changes, there is every chance you're failing to benefit from them.

"The government has a big job on its hands here in educating people and promoting the many benefits of these changes. But don't be fooled, superannuation is still far from simple and good advice is still worth its weight in gold." Mr de Vries said

Citibank's top tips to better manage personal finances in retirement:

- Visit the government's Simpler Super website to start your research (www.simplersuper.treasury.gov.au)
- Attend retirement planning seminars to understand the changes in more detail and how they may affect you
- Visit your financial advisor to review your situation and discuss whether and how you may be affected OR
- Review your own situation to see whether and how you might benefit from the new rules.
Areas to consider include:
 - Superannuation pension income levels

- Death benefit options
- Entitlements to age pension and social security benefits
- SMSF pensions
- Transition to retirement strategies
- Contribution strategies.

The full report is to be released in early 2007 and is the fourth in the Citibank Retirement Index series. The Index surveys semi and fully retired people aged 55 years and older to capture information and trends relating to work, income, spending patterns, concerns and the impact of education and planning on quality of retirement.

More information on how Citibank can help set you up for post work life is available at www.citibank.com.au or by phoning Citigold, its wealth management banking service on 1800 168 168.

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Notes to editors:

Further information of interest

Respondent's description of personal understanding of 2006 Federal Budget changes to taxation and rules affecting superannuation

	Male	Female	Age (55-64yrs)	Age (65 yrs +)	TOTAL
Not aware any changes to laws had been announced	11 %	17%	7%	19%	14%
Heard of changes but don't really know much about them	29%	37%	38%	29%	33%
Know about them and understand a little about how they will affect you	33%	22%	33%	23%	27%
Fully understand the changes and how they will affect you	26%	21%	21%	25%	24%
None/ don't know	<1%	3%	1%	3%	2%

Research methodology:

1. Research conducted by Newspoll amongst a representative sample of 400 "self-described" semi and fully retired Australian adults 55 years of age or older between 31 October – 2 November 2006.

Point 2. is correct... but you may want to omit to avoid confusion, as you don't refer to any population figures in this release.

2. Population figures are based on projected 2005 ABS data:

55 – 64 years 2,264,790



65 years and older	2,720,835
Total 55+	4,985,625

3. About Citigold

Citigold is Citibank's wealth management banking service aimed at affluent customers who hold balances of A\$100,000 (or equivalent) with Citibank. Citigold Branches provide customers with a range of products designed to maximise wealth creation. Services include local currency investments, foreign currency products including dual currency deposit, structured products, managed funds, superannuation, retirement income products, personal insurance, mortgages, credit cards and more.

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