(ii) Encouraging people to take responsibility for organizing and administering their own affairs by way of a compliant SMSF is, in my view, a very praiseworthy objective and has proved very successful. There is little complaint from the authorities eg: ATO on the level of compliance of trustees, given the substantial number of SMSFs that have been created and continue to grow. Sensible people who properly run their SMSFs know that compliance with the rules is a must!

## 3. EFFECTS OF LIMITATION/ABOLITION OF IMPUTATION CREDITS CREDITS FOR SMSFS

- The income level of SMSFs will immediately reduce by a maximum of 25 - 30 %.
- Trustees will wind down their SMSFS more quickly and will fall back on the public purse (pension) sooner.
- Trustees of SMSFs may chase yield from more risky companies or sectors.
- Trustees may reduce their support for Australian companies.
- The SMSF industry could be de-stabilized with the removal of one of its most attractive features thereby restricting people's choice on how to invest.

## 4. FINAL COMMENTS

Finally I would like to conclude my comments with a rebuttal of some ill – conceived pre-conceptions on super that have developed over the years and which, annoyingly, the Media like to encourage.

The first misconception is that because there are lower tax rates applying in super compared to those applying to income earned outside super, then somehow this is unfair. This misconception shows a fundamental lack of knowledge of the purpose of super. The rates differ because in most instances, unlike the ordinary taxpayer, the superannuant cannot access his money until some legislated time in the future viz: 55 years old or later. So it's a savings scheme for retirement and the reward you get for not accessing your money, often for many years, are the lower tax rates and tax breaks.

The second misconception is that the super system is some form of "wealth creation tax haven" only accessible to the "Rich" whatever that is. This misconception ignores the fact that people are forced to withdraw minimum amounts of capital every year whilst in pension phase to have enough money to live on in their retirement years . Accordingly, as you continually withdraw money from this so-called "lower tax environment" it progressively returns to the non – super environment to be taxed at the higher non – super rates.