

## **1. BACKGROUND**

I am married with 2 children and 2 grandchildren. I have just turned 65 and my wife 64. I worked for 39 years in both the Commonwealth Public Service (18 years) and private industry defence companies (21 years). I retired on 25<sup>th</sup> May 2013 and my wife retired from her part-time position in aged care on 26<sup>th</sup> August 2014.

During the last 15 years of my working life, I have paid particular attention to preparing myself for retirement. My wife and I set up our own SMSF on the advice of our accountant in 1999 and, throughout the ensuing years, I have thoroughly enjoyed the freedom to build up and take responsibility for the investments within our SMSF with a view to establishing an independent income for retirement, not reliant on the govt. pension. After researching a number of different assets and various investment styles, I soon came to the conclusion that the most significant investment for our family within our SMSF would be dividend paying stocks in strong Australian companies accompanied by related franking credits.

## **2. BENEFITS OF IMPUTATION SYSTEM**

- **PERSONAL**

- (i) Given that fully franked dividends are the cornerstone of the income element of our SMSF, I estimate that the franked component provides approx. 27% of the income of the SMSF.
- (ii) As I have developed a reasonable SMSF over 15 years, whilst at the same time holding down a full-time job, I am now able to cover my expenses, but I am far from wealthy; and since I am now fully retired and in pension phase, any change to the fundamental structure of our SMSF such as limiting or abolishing franking credits would reduce my income and severely impact on my ability to pay my way.

- **GENERAL**

- (i) For me, investing in franked dividends is far safer than investing in comparable forms of investments, such as international shares with their geographical and exchange risks and term deposits with their miniscule interest rates. In addition, in my experience, strong companies that pay franked dividends are much more shareholder conscious and are less likely to take unnecessary risks with shareholder money.