

4th April 2016.

I am a joint Trustee (together with my wife) of a Self Managed Superannuation Fund. I am a (retired) member of The Institute of Public Accountants and a (retired) Senior Associate of the Financial Services Institute of Australia.

I agree with the FSI recommended Primary Objective *To provide income in retirement to substitute or supplement the Age Pension.*

I agree with all the FSI Subsidiary Objectives.

"Points to consider for discussion"..

Adequacy - I disagree with the concept of a single level of income for all. This would take away incentives for any wage earner to increase contributions to achieve a higher income in retirement.

Other issues....

1/.... The current taxation system of Superannuation...

a/ provides very little incentive for lower income earners to maximise Super contributions as their marginal taxation rate may be equal to or lower than the 15% Super tax rate.

b/ is heavily weighted in favour of higher income earners whose marginal tax rate will be substantially higher than the Super tax rate.

Accordingly I submit that the taxation rate for Superannuation Contributions should be the tax payers marginal tax rate LESS 15%. This provides a "level playing field" on taxation of contributions and provides a greater incentive for lower wage earners to make greater Super contributions to assist them meet the recommended Primary Objective.

2/.... Lump Sum Withdrawals should be restricted.

Currently a large lump sum withdrawal could be made for personal expenditure such as ... debt payment/clearance, purchase of vehicles/boats/caravans, or upgrading of owner occupied residence. The capacity to make large withdrawals for purposes such as those mentioned above does not meet the recommended Primary Objective of Superannuation.

If we use the withdrawal example above for say debt clearance ..currently taxation incentives exist for additional contributions to be made to Super (taxed at 15%) and subsequently withdrawn at retirement for debt clearance instead of the debt clearance being made from income taxed at a marginal tax rate. This is a major flaw in the current Superannuation and taxation "rules".

Accordingly I submit that Lump Sum Withdrawals be restricted to a (to be determined) percentage of a Superannuation balance.

3/.... Splitting of Super Balance with a Spouse.

It is widely acknowledged that females have much lower Superannuation balances than males. Upon retirement age I submit that there should be a once off opportunity to split Super balances with a spouse so that they both have the same Super balance and benefits. There should be a (predetermined) maximum ceiling for this transfer/splitting of balances.

Currently in the event of divorce/separation a spouse can claim on a partner's Superannuation asset and I see no reason why this could not be done upon a couple reaching retirement age.

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