Hi I would like to provide some feedback related to the Retirement Income Framework.

I see that the intent is to “ develop a retirement income strategy and consider the retirement income needs of their members “.

1.    The PSS Superannuation do a great job with managing our money but education for EVERYONE is lacking.  There is education if you dig long enough  and deep enough but we didn’t get it at the correct time.

“The Government is prioritising the retirement income covenant and supporting regulations as the first phase of the retirement income framework,” Ms O’Dwyer said. “The disclosure metrics are another crucial part of the framework to better inform consumers and aid comparison of retirement products.”

The correct time to be educated about Superannuation is at the beginning of our career not near the end.  We have had regular recruitment in our Branch and at no time in that recruitment process is the detail of Superannuation discussed.  People should know enough information about Superannuation to make informed choices.  This does not happen. Most people I talk to do not even know that CSCir even exists.

2.    Further to the above comment, Most people assume that Superannuation is tax free after they turn 60. This is not the case for people in the PSS Defined Benefit scheme. This has not been disclosed very well.   
I’m not sure if this is part of the remit for this submission but I believe that having been misled, we should not be paying tax. As far as I know Federal Public Servants on PSS Defined Benefit are the only people in the country who pay tax on Superannuation after turning 60. This is an anomaly due to the way the scheme is run. I believe the government should waive this tax to bring Federal Public Servants on PSS Defined Benefit into line with the rest of Australian Retirees. There are relatively few people on this type of scheme now, having been closed for quite some time. The Government could ‘grandfather’ the rules for those retired and change the system for those not yet retired to make it work. This would be relatively inexpensive in the grand scheme of things. All retirees should be treated the same.

3.    Partners should be able to combine superannuation into one fund to lower fees. If there are any taxes payable they should be shared between the couple to help minimise tax obligations.

4.    Simplify the APS pension tax process. At the moment PSS has an online calculator that is quite good but it cannot calculate pension tax accurately. I understand that PSS has to contact our payroll dept to get information but surely in this digital age this can be done on line in real time. The different tax portions are hard to understand, and as above, most people don’t even know they exist. Particularly the PSS Defined Benefit Taxable Untaxed area that is taxable. People should know this so that they can make informed investment decisions. Ultimately of course, as I said above the tax should be abolished

I understand some of this may not be in scope, I just thought I would get it off my chest anyway.

Regards,

Danny McCafferty