

Dear Greg,

We are two self-funded retirees living in [removed for privacy reasons]. Over 95% of our income comes from our self-managed superannuation fund. This fund was built up from over [removed for privacy reasons] years in the workforce and will, provided investment returns on different asset classes trend back to long term averages, be sufficient to see us through our retirement without the need for social security benefits. Self reliance has been encouraged by government and we believe that this should continue to be the case. Reports that the Henry Tax Review is considering recommendations to remove or change the dividend imputation system concern us. Our fund, like many of our friends' funds, rely on imputation credits for satisfactory investment returns in equities. On a macro economic scale, the system no doubt facilitates capital flows and the efficient operation of capital markets. Why change a scheme that works. The arguments advanced in the press for the removal of the system (lower company tax rates encouraging higher profits and overseas investment) might be justified on macro economic modelling. But as a Commerce graduate of [removed for privacy reasons] many years ago I have to wonder about economists and their models.

I also think that a longer term adjustment process will be needed to achieve the projected benefits. In that process the small private investor may well suffer reduced income returns upon which they rely.

This is a serious matter for us and many of our friends.

We urge you to carefully consider any changes Treasury may propose from the viewpoint of self funded retirees.

Yours faithfully,

Graeme and Sue Thomson
[removed for privacy reasons]