

## **Submission to Retirement Income Review 2020 – David Horan**

I am 65 years old and still working in my own start up businesses. I was forced to retire 5 years ago from my secure government job, earlier than I had planned due to health / disability issues and a workplace which had become extremely toxic with rampant bullying, harassment and ageism, the managers displayed blatant narcissism and nepotism, feathering their own nests, and a callous disregard for those with a disability. I was hoping to work until 65 and build up my Superannuation. Unemployed at the age of 60, I could not procure another similar job and due to my health / disability I could not work a regular 9-5 job. Therefore, over the last five years I have been setting up my own boutique businesses. Rather than settling down into retirement I have had to continue to work.

I have assets that rule me out of any pension or Health Care card ever, but due to my ill-health / disability and early unplanned retirement my super amount would only give me a meagre lifestyle. I would of course like to maximize my income during retirement.

I will receive a small inheritance within the next couple of years that I would like to put into my super pension. I have established an allocated pension but currently it is yielding little more than the age pension.

I am therefore trying to play catch up in arranging for my future welfare and health needs down the track. By the time I am 67, in two years' time, I will be ineligible for the Age Pension due to my assets, yet I will be earning around the same income as the pension, but I will be paying tax on that income.

We all witnessed the disastrous policies put forward by the Labor Party at the last election. Clearly the very sensible Australian public were spooked by these proposals and this is particularly true of the policies regarding Negative Gearing, Share Imputations Tax and the spectre of Inheritance / Wealth Tax, so I assume you will not go anywhere near these.

We cannot always arrange our financial affairs to suit the cut off points that the Government decrees, often these rules are disadvantageous to those close to Retirement Age. For example: we cannot plan when we might inherit a lump sum from a relative – this might occur after we have retired. For instance, we might be gifted an inheritance after age 65 – when we have retired, and thus cannot commute it to our Super Pension. Also, many of us cannot plan when we might end our professional employment for a plethora of reasons including health and redundancy.

Why did we not go with contributory social security schemes linked to pre-retirement earnings with a safety net to provide adequacy. This is all the more reason why we should increase maximums because under our superannuation system, the tax payer is taking the lion's share of the commercial risk investing their Superannuation Funds compared with the contributory social security schemes of overseas countries.

I would be quite happy if the government took on this risk as it did in the past to give a defined benefit scheme – I see no real advantage for low income earners investing in Super – nor do they, many don't. Many in fact splurge the super on a car or holiday at the end of their working life – not a bad thing but it somewhat defeats the purpose.

Bearing the above in mind, here are some Issues that the Panel should consider:

1. This is a general overriding principle that assures some stability and permanence for those in retirement or those planning for their own future.

Do not make changes to the Superannuation / Retirement System that are disadvantageous to retirees, particularly completely self-funded superannuants. It is quite appropriate however for changes to be advantageous. Remember that the more people who can support themselves means fewer on the pension, hence fewer directly on the public purse. It is quite unfair to continually change the playing field after one has committed to a retirement plan, after all most if not all have no capacity to respond to Treasury decisions once they have retired – an example is deeming rates.

If we allowed retirees a broader hand in looking after their own welfare, then we will have less strain on the welfare system as a whole.

2. Extension of bring forward provisions for non-concessional superannuation contributions to age 67 as proposed prior by the Government to last election. This is the trigger age for the Age Pension (in my case) - it is therefore appropriate that I can make provisions to top up my Superannuation Account to take care of myself without being a burden on the pension system.
3. Return the Annual Contribution amount for Non-Concessional Amounts to the level pre-July 2017 i.e. \$180,000 per annum (\$540,000 with the bring forward provision).
4. In regard to the Allocated Pensions – it should be possible to add additional lump sums to the allocated pension without having to liquidate any investments created there. To do so is patently ludicrous as it seems in effect to be a disincentive to build retirement income.
5. Total Superannuation Balance should be raised to at least \$1.8 Million, or even better \$2.0Million – this is already allowed in the legislation and should be enacted forthwith.
6. Do not include the family home in any means test for the Age Pension – this would be a punitive strategy.
7. Retain the policy of No Capital Gains Tax (CGT) on Primary Residence.
8. Retain CGT on 50% Of CG after owning an investment property for 12 months.
9. Do not remove Share Imputations Tax reimbursement
10. Reinstate Travel Cost Deduction for annual visit to Investment Property.
11. Do not remove Negative Gearing on Investment Properties.
12. No Death Duties, ever.

13. Limit Immigration to a total of 70,000 persons annually in total as excess immigration only “kicks the can down the road” for future generations to pick up.

These suggestions will allow retirees like me to achieve an adequate retirement income, it is fiscally sustainable and provides appropriate incentives for self-provision in retirement. It is an obvious “no brainer” that it is the ideal situation, not least of all for the welfare system, that we maximise the number of retirees who are totally self-reliant.

Like me these retirees are very proud people who have worked hard all their life and they have not relied on welfare at any stage. We simply wish to continue to be self-reliant.

Submitted by

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24 January 2020

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