

The Retirement income System - summary of basic comments to items (in addition to Association of Independent Retirees – Hills branch submission)

Compiled as a result of a forum held at meeting of A.I.R. NOOSA 16th January 2020
60 members present

1. yes---Denmark and Netherlands—some of N.Z. & Japan----not USA.
2. no—not well understood –need to consult widely.
3. pensions and superannuation are not widely understood particularly role and purpose of superannuation and access or lack of access to pensions.
4. Federal Govt makes policies---private sector employs 70% plus--individuals and companies pay much of the tax.
5. taxation in the hands of Fed. Govt---plus State Govts have taxes too---private employers take a lot of responsibility to maintain a fair and balanced work-force.
6. Fed Govt has a lot of power ---hard to control—if for instance unions control one party or big donors sway decisions of one party. State Governments have powers also, but often blame the Federal Government for shortcomings, particularly for matters they control such as health, education or emergency services.
7. The city v country divide needs to be addressed and a number of issues are affected by this. There are a lack of incentives to have people move away from the major cities so that cities end up having a perceived monopoly on services.
8. Panel approach is fair
9. There are anomalies that take a lot of balancing to be fair to all –different groups have different interests. The burden or impact of taxation is critical in considering sustainability and adequacy not only for current settings but going into the future.
10. First consideration is what can be afforded; then fairness to all, so that some tax-payers do not have an unfair burden to meet ambitious targets.
11. An impossible ideal—but a practical one has to be arrived at. Everyone is different and so any formula has to be flexible. This means persons in power have to use discretion.
12. The current situation has plenty of evidence as to what is adequate. Then individuals will show where it is inadequate such as when massive health bills are incurred.
13. Equity has to balance incomes during working life, incentives for saving and whether the current superannuation system is working. Independent retirees who control spending during a lifetime and save for retirement need to be rewarded not penalised.
14. Wide consultation with charities who help the poor as well as accountants with variety of clients need to be involved to provide facts and figures.
15. Not much if any evidence to encourage older Australians who wish to remain in the workforce past retirement age.
16. Some have super, some do not, Capital gains tax hits some and not others, some work the pension system, and others are left out. AIR members feel strongly that the Superannuation system is abused by some. E.g. leave a mortgage on the family home until retirement and then get a lump sum, pay the mortgage off and go straight onto the pension.
17. There are disadvantages in the tax system for people outside the SG system. There is a need for refinement of Capital gains tax as retirees outside Super may incur substantial tax liability when realising the sale of a major asset. Some are affected more than others.
18. Firstly—what can the country afford. The sharing of entitlements requires consideration of the needs of various sectors of the population. Part of the problem is controlling expenses. Excessive charges from health providers, age care homes, financial institutions and other providers all need some form of Government supervision and Governments at all levels have to be active with legislation and administration.
19. Variety of factors—some concern that big amounts of Super held by some funds may have the capacity to distort stock exchange or property prices. Likewise attacks on Self Managed

Superannuation Funds need to be rejected. Our members are concerned that the “death tax”—that is the 15% payable by self sufficient adult beneficiaries receiving funds from a parent is an unfortunate imposition. They are wary that a Government looking for revenue may wish to increase this percentage or otherwise change Superannuation rules to deny tax exemptions for allocated pensions and so on.

20. Public need to be assured from time to time that system is fair and working. There is a general acceptance that it is.
21. Getting some cohesion with major political parties and media to promote rather than denigrate is needed. The fact that Governments during the last 10 years have made adjustments to Superannuation creates uncertainty. The Panel needs to convince Governments to abstain from meddling.
22. Generally yes, but still some anomalies. The fact that many people do not save for retirement means there is room for improvement.
23. Incentives to put more money into Super is an example of how outcomes are influenced. But the continuing hassles between Federal and State Governments over issues where they now share responsibilities such as health, in particular, means there is a clear wasting of resources and who is to meet expenses incurred.
24. The evidence is that outcomes are not well understood.
25. Majority of Australians do not pay for financial advice---some to their detriment, but most maintain a satisfactory lifestyle. It is clearly not essential for most people to consult and pay a financial adviser. Those with more assets are in the minority.
26. No.

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Bernie Treston