
From: [REDACTED]
Sent: [REDACTED]
To: OMSBB Public Consultation
Subject: Submission on Franking Credit Proposals (Without Prejudice)

To whom it may concern

I run a financial planning business. Many of my clients are self-funded retirees. Not wealthy but exceed the Centrelink Assets test to exempt them from part age pension.

As part of our strategy to maximise investment returns and sustain standard of living for these clients, the benefits of franking credits provide ongoing financial independence and little direct burden on federal governments.

I believe mums and dads self-funded retirees should be exempt from proposed legislation to reduce franking credits. However ultra-wealthy individuals or organisations say investments greater than \$5M could be analysed.

In the event the proposed legislation is passed then you are penalising success and rewarding failure. That is, those who have prudently gone without and saved to be self-funded are penalised. The lazy and spendthrifts are rewarded by receiving an Age Pension.

An area your Government could consider is capping the value of the family home at say \$2M with excess counted towards the assets test. Then the Government could create a reverse mortgage facility to fund cashflow rather than continue to pay full pensions. The key beneficiaries of exemption on the family home are the next generations who will receive the proceeds of a tax-free asset.

In the event that you change our franking credit laws then I will be advising my self-funded retirees to squander their funds and buy a larger home to get their assets below the assets test. They too can then receive an Age Pension.

Beware the law of unintended consequences.

Terry Powell

