

***To provide income in retirement to substitute or supplement the Age Pension.***

*While retirement income will provide resources to help a person meet their costs of living in retirement, standard of living is broader as it includes the use of both income and assets. Both also clarify that superannuation is meant to help fund a person's retirement, it is not for unlimited wealth accumulation or bequests.*

I think that there should be an asset test to access to the age benefit where people are living in luxury principal residences that are worth multiple times the average cost for an appropriate sized house/apartment for someone retired in that suburb, given people often want to remain where they are socially based. There should be special exemptions for farmers who may want to remain living on their farm with their children. Some way of allowing that should be worked out. (Please note I am not a farm owner).

I think the question of principle luxury residences should be worked out as a separate matter, for those self supporting for super, and not receiving age pension.

*While adequacy provides a sense of targeting superannuation and is consistent with fiscal sustainability, there is no consensus of what adequacy means. While the OECD defines it through the use of replacement rates, implying people have different levels of adequate retirement incomes according to their wages, others may conceive of a single level of income applicable to all.*

I currently have a SMSF and when I started out I was told that I should aim for 2M in the fund on retirement. I did not achieve that at all, but for the moment I am self sufficient, but I do not live a lavish lifestyle and rarely go out for a meal or even a coffee as that is not the sort of lifestyle I valued in the past, nor would I expect the government to support, if I needed a part or whole age pension.

I think, only the UK has a single level of retirement income applicable to all, and many people now have some sort of work super top up in addition.

*The superannuation system should also be fiscally sustainable - through reducing reliance on the Age Pension and providing tax concessions that are targeted. While the objective of the system is to improve retirement incomes, balancing the need for fiscal sustainability may mean there is a limit to the support that can be given.*

The minimum drawdown amounts are too much for my current needs, but as time goes on, if I live as long as my parents, I will not have sufficient for quality care as the fund will be too run down especially with the low current returns possible. This forces me to save some of the drawdown each year since the drawdown was doubled by Treasury, in other non-beneficial tax vehicles in order to provide for that possible need later.

I would prefer to be permitted to leave more money in my SMSF fund for the care I want later, and have some sort of leftover super duties levied after the death of my partner or myself (or disabled dependant or semi-dependant child etc) whichever is later, if there is an amount over a certain ceiling remaining. This would allow more money to be retained in super, as no one wants to be at the mercy of venal children because the money has run out when they are fragile and ill. The tax benefits granted to save in super are for my support, not those of my children.

If saving for retirement is to be encouraged something needs to be done about annual limits placed on concessional contributions while earning. because these annual limits can rarely be reached until much later in life for most people, and then there is insufficient time to contribute and earn in order to become self sufficient. I was able to contribute under a different regime of rules. If the current rules were in force when I started my SMSF, I would not have achieved self-sufficiency.

I would like to suggest a lifetime total contribution limit (indexed) instead of annual limits. I know that the \$450K contribution is there for the last 3 years, but if one were totally reliant on that it would not be sufficient to live from. It would make more sense to have, say for example, a total of 1M lifetime concessional contributions which would be indexed and that would stop *unlimited wealth accumulation or bequests* and at the same time allow

ordinary people who have windfalls in earnings at some times and lean times or no income at other times, being able to make contributions when they can.

*Do you agree with the objectives recommended by the FSI? Why? • If you do not agree with the FSI recommendation, what do you think should be the objective of superannuation? Why? What are the implications of this objective? • In which piece of legislation should the objective be legislated and why?*

I cannot comment on legislation.