

As a trustee of 3-members SMSF, I wish to submit the following as our preferred reforming path and on Objective of Superannuation legislation;

1. Australian Government should consider paying age pension to every citizen of retirement age (NZ model), regardless of their financial situation and remove all Superannuation concessions (CG, concessional taxation be at accumulation stage or distribution stage). There are incentives to enlarge fund, transfer private savings into super fund when no chance of pension payment exists. With universal pension, the unfairness associated with taxpayers getting no benefit/pension from Government except superannuation concessions when they become self-funded retirees will also disappear with \$40+ billion pa of superannuation concessions generously offsetting our proposed pension payout to all. If super concessions are taken away without or little compensation, the incentive to become self-funded will also disappear, leading to large numbers of retirees onto Government pension system, negating budgetary savings sought through changes. With assistance of financial industry, self-funded retirees will find a way out to reorganise their financial affairs (i.e. sink into asset free own home, spend or gift away and seek Government pension).
2. A cap on each member account (say \$2 million-ea) should be placed above which no concessional tax to apply. This way, high-net worth individuals and families may be prevented from turning Super concessional system into wealth preservation, estate planning tool (we all do). In a low interest income environment, \$2 million is not a large sum and considering that member accounts could suffer large losses, particularly those invested in stock market, concession cap needs to have ample buffer to account for volatility in asset values. I.e. the present after tax contribution of \$540,000 over 3 years and before tax contributions may no longer be inducement if a cap is placed on accounts (as distinct from fund balances) which will also satisfy proposed "Objectives of Superannuation" legislation.
3. Australian Government should get involved in Annuities issuance business to provide security and stability for many self-funded retirees presently using unreliable private issuers. This way, Government keeps large number of retirees off the pension whilst providing them with peace of mind income stream (through competitively priced products). Having a secure income stream through annuities, benefits retirees in quality of life aspect as well as competition (Medicare style).

Kind Regards

A. Ozaydin-Trustee

Latitude 35 Superannuation Fund