

3 August 2017

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Submission: Exposure Draft - Treasury Laws Amendment (Reducing Pressure on Housing Affordability) Bill 2017

About Dixon Advisory

By way of background, Dixon Advisory provides administration and advice services to 8,000 self managed superannuation fund (SMSF) trustees with a combined asset base in excess of \$5 billion.

SMSF's are an important sector in the superannuation industry. In the five years to 2014-15 the number of SMSF's have increased by 27 per cent to 557,000¹, with total assets worth \$590 billion. The 2014-15 statistical overview indicates that total assets increased to \$622 billion². Total members of SMSF's is now over one million³.

First Home Super Saver Scheme

Having a good financial situation in retirement involves more than just having a strong superannuation balance. Owning an own home provides individuals with stability during their retirement and leads to stronger retirement outcomes. Because of this, Dixon Advisory has called for super to be made more flexible to help first home buyers and home owners reduce the costs of servicing home loan debt.

We welcome the opportunity to provide feedback on the draft legislation for the First Home Super Saver Scheme (FHSSS) policy and encourage Parliament to support the proposal and pass the legislation to provide first home buyers with time to plan and certainty in what can be a long savings journey towards home ownership.

¹ Australian Taxation Office, 2015, 'ATO releases latest SMSF statistics', viewed on 17 February 2017
<<https://www.ato.gov.au/media-centre/media-releases/ato-releases-latest-smsf-statistics/>>

² Australian Taxation Office, 2015, 'Self-managed super funds: a statistical overview 2014-15', viewed on 17 February 2017,
<<https://www.ato.gov.au/Super/Self-managed-super-funds/In-detail/Statistics/Annual-reports/Self-managed-superannuation-funds--A-statistical-overview-2014-2015/>>

³ Australian Taxation Office, 2017, 'SMSF June 2016 Quarterly statistical report', viewed on 17 February 2016, <<https://www.ato.gov.au/Super/Self-managed-super-funds/In-detail/News/SMSF-June-2016-quarterly-statistical-report/>>

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The flexible FHSSS arrangements and no imposed time limits [after 1 July 2018], will assist savers to maximise their financial outcomes by catering for first home buyers at the early stage of their journey and who may have a long term savings plan ahead, as well as assisting those who are closer to making a purchase decision and want to boost their existing savings plan over a short period of time.

Introducing the policy will have the additional long term benefit of incentivising young savers to get engaged with their super while also driving incentive for people to understand how their super is being invested, what the return rates are and the fees payable on their account. Policies that engage the consumer base also improve efficiency in the system and maximise financial outcomes.

FHSSS does not reduce or impede the integrity of the super system as the individual's super guarantee contributions remain inside the superannuation system for retirement.

We believe it is prudent that the draft legislation allows a range of options for the first home buyer who does not purchase a home within the planned 12 months. We were also pleased that first home buyers will not be excluded from accessing the scheme if they are purchasing the home with another person who has their own home (i.e. their partner or parent).

We highlight the importance of retaining the flexibility in the draft legislation with regard to minimum and maximum time limits on using the scheme as well as not requiring the individual to open a separate account to access the scheme. From our experience in talking to potential first home buyers about earlier versions of this scheme, both these features will assist in overcoming barriers to take up.

Should you have any questions please do not hesitate to contact me directly on 0421 567 345.

Kind regards,



Nerida Cole

Managing Director – Head of Advice

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