

Association of Independent Retirees (A.I.R.) Limited

ACN 102 164 385

Whyalla and Districts Branch

PO Box 370 Whyalla 5600

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General Manager
Superannuation, Retirement and Savings Division
The Treasury
Langton Crescent
Parkes ACT 2600

Review of the provision of pensions in small superannuation funds.

Dear Sir,

This organization contends that there is substantial uncertainty and inequity built into the new Superannuation Industry (Supervision) Regulations 1994 (Cth) (S.I.S. regulations).

You have changed the range of pensions available to retirees who are members of Self Managed Superannuation Funds (SMSF). At the same time you have not altered the range of pensions available to retirees who are members of superannuation funds with more than 50 members. This is blatant discrimination and puts our members at a disadvantage.

A more equitable change was available to you by updating the factors relied on in the Pension Valuation Factors (PVF's) to more meaningful current figures.

We contend you have shown uncharacteristic favour to the big end of town in the finance industry.

Retirees have rejected the finance industry over the past 5 years because of poor or negative returns, excessive Management Expense Ratios (M.E.R.'s) and our desire to take control of our own fiscal future by mixed pensions through SMSF's.

This is reflected in the explosive increase in the number of SMSF's over the past 5 years.

By updating the PVF's you could have avoided the anger of retirees who have superannuation/pensions in SMSF's.

A.I.R. The peak body representing Self Funded Retirees!

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We contend that you should reconsider your decision on Defined Benefit Pensions (DBP's). SMSF's will lose their appeal when retirees look to provide private DBP's as part of their pension mix.

The pension option of a Reasonable Benefits Limit (RBL) strategy should be available to all who choose a DBP without being forced to buy one from a finance industry source at a greater cost than would have been if available from their own SMSF.

We accept that SMSF's do not have the spread of risk of the big funds, what we do accept is if we fail we hurt no one other than ourselves. When the big funds fail the financial hurt is spread to a greater number of pensioners who really are not made aware of the failures but accept poor and negative returns in blind faith.

Even in these circumstances big fund executives enjoy excessive salaries and golden handshakes. You appear to be unable to prevent the theft of retiree's superannuation money. In the proposed S.I.S changes we do not see anything to suggest otherwise.

That you called this review suggests you sense anger in the community. We urge you to placate our anger and allow all SMSF's to be able to offer DBP's to their members.

Yours faithfully



President.

Copy; Barry Wakelin MP.
Minister for Revenue and Assistant
Treasurer, The Hon. Mal Brough, MP.
A.I.R. National Standing Committee on
Taxation & Superannuation.

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