

26 October 2018

Rebecca McCallum
Manager
Retirement Income Policy Division
The Treasury
Langton Crescent
PARKES ACT 2600

Sent via e-mail – Superannuation@treasury.gov.au

Dear Rebecca

SUBMISSION
WORK TEST EXEMPTION FOR RECENT RETIREES

1. We refer to your request for comment on legislation and regulations to provide a one-year exemption from the work test for superannuation contributions for recent retirees.
2. Pitcher Partners welcomes the opportunity to comment and is supportive of initiatives that increase opportunity and flexibility for individuals to save for retirement.
3. **Pitcher Partners' Superannuation**
 - 3.1. Superannuation is one of our key specialisations. We have a team of dedicated superannuation specialists providing accounting, audit and consulting services to our clients. Across Australia, we provide services to approximately 2,000 self-managed superannuation funds. In addition, our superannuation practice provides superannuation advisory services to large superannuation funds and businesses around employment related superannuation obligations. Collectively, this work affords us extensive practical and technical expertise in superannuation matters from the perspective of all stakeholders. We believe our expertise and experience should be of significant value in this consultation process.
 - 3.2. Pitcher Partners is a full service accounting, audit and advisory firm with a long standing reputation for providing expert advice and services to clients with a focus on the middle market – which incorporates smaller public companies, large family businesses and small to medium enterprises. We are committed to high ethical standards across all areas of our practice and have expert knowledge of regulatory and compliance requirements.

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R RIGONI	M C HAY	M J HARRISON	C D WHATMAN	A D STANLEY	R I MCKIE	D W LOVE	J L BEAUMONT	A O'CARROLL
M W PRINGLE	S SCHONBERG	P W TONER	S D WHITCHURCH	N R BULL	F V RUSSO	B POWERS	M DAWES	
G M RAMBALDI	V A MACDERMID	T SAKELL	A E CLERICI	D C BYRNE	M R SONEGO	A SULEYMAN	B A LETHBORG	
D A THOMSON	S DAHN	G I NORISKIN	D J HONEY	A M KOKKINOS	A T CLUGSTON	K J DAVIDSON	M J WILSON	

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4. Recommended approach

- 4.1. In our view, the preferred approach should be to remove the work test entirely as it is a redundant limiter in the context of recent legislative amendments.
- 4.2. Alternatively, we recommend the circumstances where exemption from the work test would be available is broadened beyond recent retirement to include other life events when the opportunity to add to retirement savings may become available.

5. Removing work test

- 5.1. With the introduction of contribution caps and the recent prohibition on superannuation contributions where a person's total superannuation balance exceeds \$1.6m, limiting contributions based on a person's work status between age 65 and 74 is no longer necessary.
- 5.2. When you consider current contribution arrangements, there is broadly universal treatment up to age 65 and from age 75. However, contribution arrangements between age 65 and age 74 depend on an individual's work status.
- 5.3. Maintaining the work test creates inequities between individuals depending on their ability to participate in a traditional employment type activity after attaining age 65 and adds significant complexity to the system.
- 5.4. For these reasons, we recommend removing the work test entirely.

6. Exempting other life events

- 6.1. If it is determined that the work test cannot be removed entirely, we recommend extending the circumstances where exemption from the work test would be available to include other life events.
- 6.2. The current proposal to exempt recent retirees and the recent downsizer contribution rules are life event exemptions from the work test requirement. However, there are other life events where it would be appropriate to also provide a work test exemption.
- 6.3. As a minimum, receiving an inheritance and the disposal of a CGT asset aside from the individual's principal residence, such as an investment asset or business asset, should be other life events where the work test exemption is available.
- 6.4. It may also be beneficial to include the ability to add and remove life events from exemption going forward to cater for changing circumstances that will inevitably arise into the future.

7. Should you have any questions, or wish to discuss any of the comments made in the above submission further, please do not hesitate to contact me or Brad Twentyman on 03 8610 5540 or Brad.Twentyman@pitcher.com.au.

Yours sincerely



M C Hay
Executive Director