

Dear Sirs,

**Re: Franked distributions and capital raising**

I wish to make representations about the continual assault on franked dividends. My wife and I are self-funded retirees, both in our seventies, with modest super and other investments that enable us to be independent of Government support such as Pensions and Rent Relief. We manage our own modest Self-Managed Super Fund, which contains less than \$3 million, with the assistance of our accountant and stockbroker.

Our Self Managed Super Fund was established around 20 years ago. At the time we were cognisant that the Governments of the previous couple of decades were encouraging people such as ourselves to provide for ourselves in retirement, and there were many initiatives which were enacted or regulated to encourage that. We wanted to act honourably, within the established guidelines, and ensure that we had a comfortable, but not profligate lifestyle in our older years.

It was established regulation that our super fund could take advantage of share dividends, including franking credits, to provide the superannuation pension stream that we were seeking. As a Self Managed Super Fund, our fund relies on refunds from franking credits as one of its sources of income. The amount our fund receives from franking credit rebates is not insubstantial, and the loss of it or part of it will push our income downwards. This is not a perk. It is a procedure that was perfectly open to us at the time and so we have relied on it. Huge public or industry funds can get around this issue and take advantage of franking credits because they have huge membership, including some members in accumulation mode and some members in pension mode. Our small fund cannot do that.

By introducing this new rule, you would be disadvantaging our fund, and therefore the standard of living of my wife and me. I am sure there are many people in a similar position. Should this change go ahead, some of those people would fall out of the 'self funded retiree' category and become reliant on Government pensions. Surely that is the opposite of what the Government wants. Similarly, as the years go by and individual self managed super funds reduce in size, some people again will be forced onto the Government pensions that they have been so proud to avoid.

This proposal would therefore create a group of people reliant on the public purse, when all those people want to do is to be free of Government handouts. It is already frustrating for self managed super fund retirees see the generous concessions that persons on the Old Age Pension receive. I am sure you are aware of the concessions by way of Council rates, vehicle registration and so on that are not available to people such as my wife and me.

The retrospective nature of the proposal is also offensive. How can any changes to important rules such as this be considered fair when they operate retrospectively for many years – in this case I understand that the rule would be retrospective for seven years!! How disgusting to require public companies to redraw their books for such an extensive period. That is patently unfair. It is a huge cost. It is a disruption to current business and is of no productivity benefit to the economy at a time when businesses are focusing on getting their businesses in good shape to recover from COVID. Such a long period of retrospectivity is against all sensible rules of modern business. It appears that the Government is blind to the needs of business, and is in fact anti-business. That is a very unsatisfactory conclusion against a new Treasurer trying to pick up the reins of the budget and get Australia moving again.

Focus on the future and stop being petty about the past!!

Leave us self-funded retirees alone and allow us to get on with our lives as we have planned for the last two decades, in accordance with rules laid down by Governments of both sides from the days of Paul Keating to the present!!

Yours faithfully

J D Brewer and M A Brewer