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From: Ross Smith <ross@shentonltd.com>
Sent: Wednesday, 20 September 2023 2:39 PM
To: Superannuation Objective
Subject: Legislating the objective of superannuation - August 2023
Attachments: IT2201 1 JULY 1985.pdf

Money Management quote "The government has released further exposure draft legislation on the proposed objective of superannuation, reflecting feedback received from its first consultation earlier this year." 1 September 2023

My complaints are:

1. no policy integration between Social Security and Superannuation?
2. immigrants to Australia cannot transfer foreign superannuation from complying overseas retirement schemes (eg, accured over 20 years in oveaseas employment) but subjected to ridiculous contributions in 1 current financial year in Australia
3. if there was policy integration between Social Security and Superannuation, the Age Pension Assessible Assets maximum threshold is $986,500, therefore immigrants and Australian expats working overseas should be encouraged to International Transfer Rollover from complying retirement schemes in G20 countries. The benefit to Treasury is that this policy would reduce dependency on the Age Pension system.
4. Morison Government passed Treasury Rules, that Australian expats returning from working overseas, cannot receive Social Security benefits until they had paid tax form 10 years, 5 years must be continuous. To be fair, these Australian returning expats should be permitted to Internationally Transfer the Age Pension Assessible Assets maximum threshold is $986,500, without be subject to ridiculous contributions limits that restricts the 1926 High Court decision that the purpose of superannuation is to provide adequate incomes in retirement.
5. Since 2007, fixed flat contribution limits saw inadequate contributions by those under-superannuated, and too high contributions by those who became excessive over-funded. Attached is a copy of Income Tax Ruling IT2201 (1985) which contains dynamic actuarial formulas that (1) reduce contributions by those with too much assets in superannuation and (2) raises the contributions by those who are relatively under-funded. The Australian Taxation Office got this right in 1985. The target asset to encourage higher contributions than current contributions limits should be the Age Pension Assets Test maximum threshold.
6. The remaining 16,000 financial advisers of Australia can implement updated actuarial formula for their client's contributions to achieve the Age Pension Assets Test maximum threshold, until the next 2022-23 ASIC Industry Funding levy kills off another 5,000 financial advisers, who have done no wrong. An actuarial demographic model should suggect that financial advisers should be 1% of population, not 16,000 but 260,000.
7. It all ties together instead of having "black holes" between separate policy platforms, all under Treasury's nose, which is a failure in domestic governance for horizontal coordination. APRA with its July 2023 Superannuation Prudential Guide SPG530 is wholly ignorant of ASIC regulated financial advisers whose clients are issuing written instructions under Common Law - Private Contract for microprudential investment strategy implementation in similar theory to IT2201 actuarial formula to achieve funding objectives, but APRA SPG530 is causing trustees to "dumbing down" to lower risk return profiles that restrict Australians from investing in their own economy.
8. The complaint is Treasury's conflict seeking to increase tax revenue by restricting superannuation contributions and foreign transfers, but ignoring measures to reduce Age Pensions and nursing homes costs by higher individual self funding.
9. The previous Treasurer allowed withdrawals from superannuation during the pandemic which went into discretionary spending. That ignored measures to reduce Age Pensions and nursing homes costs by higher individual self funding, which had already been addressed by "wage keeper" policy.

BTW: I am writing my PhD thesis on horizontal coordination in the Private Equity funds management industry.

For the last 20 years, Treasury has failed to tell Politicians how to integrate the different policy platforms in Domestic Governance coordination.

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