

**MEDIA RELEASE**  
**30 January 2013**

**New SMSF Owners' Alliance Proposes Higher and More Flexible Super Contributions**

The cap on superannuation contributions needs to be increased and applied more flexibly to give Australians a better opportunity to save more during their working lives.

This is the key point in a pre-budget submission to the government made by a new organisation formed to speak for the 932,000 Australians who own self managed superannuation funds.

The SMSF Owners' Alliance (SMSFOA) has been set up to directly represent the trustees who control the investment of \$458 billion held in SMSFs. SMSFOA believes that all Australians should have the opportunity to set up their own SMSF as a simple, low cost super savings vehicle if they have the capacity and commitment to do so.

In particular, it is relevant that the number of women setting up SMSFs is growing substantially faster than men. In the 34 to 64 age range, there are now more female SMSF members than males.

And it should also be noted that SMSFs have a large proportion of self-employed members. More than half of SMSF funds have at least one member who is self-employed or derives income from a business or partnership.

In its pre-budget submission, SMSFOA says the government needs to encourage Australians to contribute as much as they can to superannuation, over and above the mandatory SG levy, to give them greater financial independence in retirement and reduce demand on publicly funded pensions. This is in keeping with the fundamental objective of Australia's retirement savings system.

However, the capacity of people to maximise their super savings will vary during their working lives. In the early years they may be focussed on paying off HECS, buying a house and educating their children. Some will have broken working patterns - such as women who stop working for some years, or work part time, to raise children, carers who stay home to look after family members with disabilities or workers who are unemployed due to structural change.

In particular, Australians nearing retirement have been hard hit by the GFC economic slowdown and need to replenish their savings.

In many cases, it is only in the last decade or two of their working lives that people have the capacity to put the maximum concessional amount into super.

SMSFOA believes a higher contribution cap, with flexibility of contributions year by year, should be available to all superannuation savers.

The government must recognise that the current concessional contributions cap of \$25,000 p.a. may not be sufficient. It does not allow many Australians who are capable of making a greater contribution to do so and be assured of self-sufficiency at a reasonable Replacement Rate (the income they receive in retirement as a proportion of their pre-retirement income).

In particular, taxpayers nearing the end of their working life, who have not had the benefit of a mandatory contribution system for all their working life are severely disadvantaged.

We therefore strongly urge the government to immediately reinstate the system of caps that was in place in 2007-08, i.e.

- An annual cap of concessional contributions of \$50,000 for taxpayers aged under 50; and
- An annual cap of concessional contributions of \$100,000 for taxpayers aged 50 and over.

The government should then introduce of a system of 5-year rolling fixed \$ caps, similar to the system for non-concessional contributions. This would go some way to providing flexibility in contribution payments from year to year and help to alleviate the disadvantage women, carers, self-employed and mature workers currently face.

In order for such a rolling system to be implemented and managed, the cap would have to apply to voluntary contributions above the mandatory level.

Increasing the contribution cap may mean less immediate tax revenue for the government but it is our contention that the long-term objective of Australia's superannuation system, which draws widespread support from employers, employees, unions and the community in general, should not be compromised by short-term budget needs.

Conceptually, and to the greatest extent fiscally practical, support for superannuation should be regarded differently from the normal expenses of government. It should be viewed as a long term investment in the nation's economic and social fabric.

Another key point made in SMSFOA's submission is that excess contributions tax, when taxpayers exceed the contributions limit, often through no fault of their own, and then face punitive taxes, should be discarded. Instead, as part of the tax return process, over-payments should either be repaid and taxed at the marginal rate or treated as a non-concessional contribution.

## **About SMSFOA**

SMSFOA is inviting trustees of the 488,000 SMSFs throughout Australia to become members and support its efforts to represent their interests in dealing with the government and regulators on matters relating to the governance, management and taxation of SMSFs.

SMSFs are the largest and fastest growing segment of Australia's \$1.5 trillion superannuation savings pool.

Nearly a million Australians who have set up their own SMSF have taken on responsibility for achieving self-sufficiency in retirement and have organised their financial affairs so they can do so.

However the owners of SMSFs are vulnerable to having the worth of their retirement savings eroded by changes in taxation, contribution rules and investment options. If this happens, the value of the assets held in SMSFs and invested in the economy through shares, bonds, property and bank deposits will be diminished.

Australia's superannuation system is a world-leading national retirement savings plan that encourages and enables Australians to be self-sufficient in their increasingly long retirement years. Stability and certainty of the regulation of superannuation funds, particularly the way they are taxed, are essential to confident investment in long-term retirement savings.

SMSFOA will be a strong and independent voice representing their interests and helping to safeguard their assets.

SMSF Owners' Alliance Limited has been registered as a not for profit company with a founding Board comprising 6 directors with backgrounds in business, the professions and industry affairs.

## Directors

Chairman: Bruce Foy, B.Comm LLB.

Bruce has served on the boards of several public and private companies. He is Chairman of State Water Corporation and was previously Chairman of Transgrid Corporation. He is a director of Investigator Resources. Until 2005, he was Australian Managing Director and Country Head of ING Bank N.V. and in that role served as the Chairman of the International Banks and Securities Association and later as Chairman of AFMA Services Pty Ltd

Executive Director: Duncan Fairweather

Duncan headed the Australian Financial Markets Association and the International Banks and Securities Association for 11 years until he retired in 2012. He was previously Chairman of the Finance Industry Council of Australia and the Regulatory Affairs Committee of the International Council of Securities Associations.

Finance Director: Malcolm Clyde, MA (Eng.Sc.) (Oxon.) MBA (Harvard).

Malcolm's career in finance and business strategy & development included senior positions at Macquarie Bank and ABN AMRO, the latter as a founding Director and Head of Corporate Finance. He has also established two venture capital businesses and was a founding director of Centennial Coal Company Limited, arranging its initial public offering in 1994 and subsequently being responsible for its business development strategy.

Director: Clive Craven, LLB (Sydney), LLM (Sydney), GAICD.

Clive retired as a Partner of Clayton Utz Solicitors, Sydney in late 2007. During his extensive legal career Clive specialised in commercial and finance law acting for governments, sponsors, banks, borrowers and investors on major projects and financings. He lectured (part time) for 25 years in the Masters of Laws programme at the University of Sydney and more recently served as a director of Sydney Harbour Foreshore Authority and Cook's Cove Development Corporation. Clive also served as President of The Banking and Financial Services Law Association in 1999/2000.

Director: David Rohr, LLB (Sydney), LLM (Sydney).

David is a solicitor who works part-time as an in-house legal consultant for a major university. He also provides a legal advisory service for private clients. Between 1981 and 2008, he worked for Mallesons Stephen Jaques (now King & Wood Mallesons) and was a partner of that firm for 21 years, practising mainly in the area of commercial property and infrastructure. He was Chairman of the Property Law Committee of General Practice Section, Law Council of Australia for several years.

Director: Barry McWilliams, LLB (Hons) (Auckland).

Barry has extensive experience in commercial and company law. Until recently, he was a Senior Mergers & Acquisitions Partner at Mallesons Stephen Jaques (now King & Wood Mallesons) specialising in funds management, equity capital markets, mergers and acquisitions. He has been Chairman/Director of a number of public and private companies including Australian Settlements Limited which provides settlement and payment system services to building societies and credit unions. He is Chairman of Retail Responsible Entity Limited, the responsible entity of the Centro listed funds with over \$2billion in assets, and a director of the Australian Design Centre.

Further information about SMSFOA can be found at [www.smsfoa.org.au](http://www.smsfoa.org.au)

Contact:

Duncan Fairweather: 0412 256 200      [dfairweather@smsfoa.com.au](mailto:dfairweather@smsfoa.com.au)

SMSF Owners' Alliance Limited is a company limited by guarantee.

A.C.N. 161 052 064

Registered office: Suite 608, 109 Pitt Street, Sydney NSW 2000