

# SMSF Owners' Alliance

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## SMSFOA Members' Newsletter

# 8/2016 16 June 2016

### In this newsletter:

- Save Our Super rally in Melbourne – this Monday
- Newspoll shows most people can't decide which party is better (or least worst) on super
- Dr Ron Bewley shows that \$1.6m in super is not enough – it should be double
- Joining up with like-minded groups
- Keeping up the pressure on the Government

## Save our Super Rally – Melbourne

Melbourne members of SMSF Owners are urged to attend a 'Save Our Super' rally at the Malvern Town Hall at 7.30pm this coming Monday evening 20 June.

It has been organised by Jack Hammond QC to protest against the superannuation tax plans of both the Coalition Government and the Labor Opposition.

Malvern is in the Assistant Treasurer, Kelly O'Dwyer's seat of Higgins. The Malvern Town Hall is on the corner of High Street and Glenferrie Road.

See: [www.saveoursuper.org.au](http://www.saveoursuper.org.au)

## From today's The Australian:

FEDERAL ELECTION 2016

### Federal election 2016: majority unsure which leader is their super man

PHILLIP HUDSON

The Australian | 12:00AM June 16, 2016

Voters are split on whether Malcolm Turnbull or Bill Shorten is the best leader to manage the contentious election issue of superannuation, with neither leader commanding the confidence of a majority. A special Newspoll, taken exclusively for *The Australian*, found 38 per cent of voters preferred the Prime Minister to be responsible for superannuation, while 36 per cent favoured the Labor leader.

One in four people could not choose between the two leaders.

So, with two weeks to go until the election, Newspoll shows that neither of the major parties has the confidence of the majority of people on the issue of superannuation. It's not surprising. Both major parties are proposing new, retrospective taxes on pension income in retirement.

As The Australian story reported, SMSF Owners and other investor groups have written to the Prime Minister, Malcolm Turnbull, the Treasurer Scott Morrison and the Assistant Treasurer Kelly O'Dwyer pointing out five fundamental flaws in their superannuation policy – see our media release here:

[https://smsfoa.org.au/images/Media\\_releases\\_2016/160615\\_Five\\_fundamental\\_flaws\\_in\\_the\\_Governments\\_superannuation\\_policy.pdf](https://smsfoa.org.au/images/Media_releases_2016/160615_Five_fundamental_flaws_in_the_Governments_superannuation_policy.pdf)

We've called on the Government, if it wins the election, to have an independent audit into the numbers underlying its superannuation tax policy.

As Dr Ron Bewley has reported in his analyses of the Government's policy, their numbers don't add up.

### **Is \$1.6 million enough? No, not nearly enough.**

Dr Bewley's second report on the Government's superannuation tax policy concludes that \$1.6 million is not an appropriate benchmark for adequate retirement savings. He concludes that TWICE as much - \$3.2 million - is needed.

Dr Bewley, former Head of the School of Economics of the University of NSW has tested the numbers underlying the Government's policy and found them flawed.

In his first report he showed that the pension that can be generated from a retirement account of \$1.6 million is not equal to four times the age pension, as the Treasurer has claimed. Nor is it equivalent to the \$100,000 tax-free pension that will be set for defined benefit schemes such as politicians and public servants enjoy.

He pointed out that those on defined benefit schemes have a guaranteed, risk free pension for life for them and their spouses. On the other hand, those of us with self-managed accounts and/or are members of industry and retail funds have no such guarantee and face economic, market and longevity risk.

Now, in his second report, Dr Bewley has shown that a superannuation account of \$1.6 million is nowhere near sufficient to maintain a pension income of four times the age pension for all of retirement.

It should be \$3.2 million and even then some people will outlive their savings.

He also finds that a superannuation account of more than \$3m is necessary to match the guaranteed income of \$100,000 from a defined benefit scheme.

Dr Bewley's reports and our media releases are here: <https://smsfoa.org.au/home/expert-advice.html>

## **Still on numbers**

In the budget and since, the Government has stated that only 4% of superannuation fund members will be affected by the new restrictions on superannuation.

14 million Australians have superannuation accounts so that's 560,000 people the Government concedes will be worse off. The superannuation industry says it will be more – about 1.26 million according to the Association of Superannuation Funds of Australia (ASFA).

A lot of them will be members of self-managed funds.

On one measure alone, the new \$1.6 million pension account cap, we estimate that about 100,000 members of self-managed funds will be adversely affected. We don't know the precise figure because the ATO statistics on SMSFs don't allow us to conclude how just many SMSF members have \$1.6 million in their accounts. But 100,000 is a fair estimate.

Many will also be affected by the \$500,000 lifetime non-concessional cap. ASFA estimates about 80,000.

The roll-back of the Transition to Retirement scheme will affect 464,000 people according to APRA. ASFA reckons it will be more like 550,000.

And the reduction in the concessional contributions cap to \$25,000 will affect more than half a million people.

Of course, there will be some double counting in these numbers as people may be adversely affected by more than one of the budget measures. And it needs to be acknowledged that the budget also contained measures that will benefit many people.

However, a bad policy is not made better because it affects a minority of people, and in this case it's a sizeable minority.

## **Joining forces with like-minded groups**

SMSF Owners is working with other like-minded groups to express shared concerns about the Government's superannuation changes. They are the Australian Shareholders' Association, the Australian Investors Association and the Small Independent Superannuation Funds Association.

Our views will have greater impact with the weight of organisations with broad membership by investors.

We're also pleased to hear of the emergence of the Save Our Super group in Melbourne and we encourage our Victorian based members to attend the meeting convened by Jack Hammond QC at the Malvern Town Hall this coming Monday evening – see details at the top of this newsletter.

## **Keeping up the pressure on Coalition Members and Senators**

We've been encouraged by the number of SMSF owners who have written to their Federal Members and Senators expressing their concern about the impact of the Government's policy.

These messages have reinforced our own efforts to convey to them the deep disquiet and distrust that many of our members feel.

Since before the election, we've sent five Coalition Briefs directly to all Liberal & National Members and Senators.

**The Government won't change its policy before the election so our best chance of getting a better outcome is to press the Coalition, assuming it wins government again, to review the policy after the election, especially the numbers on which it is based, and sit down with SMSF Owners and other groups to discuss how the superannuation system can be made more efficient and effective without penalising those who have saved diligently in accordance with the rules to secure their financial independence in retirement.**

In our last Members' Newsletter we advised that Independent Senators David Leyonhjelm (Liberal Democrats) and Bob Day (Family First) have pledged to use that if re-elected to the Senate they will vote against legislation to apply the Government's superannuation policy.

Other parties that have undertaken not to support the superannuation measures are the Australian Liberty Alliance and Pauline Hanson's One Nation.

<http://www.familyfirst.org.au/>

<http://ldp.org.au/>

<http://australianlibertyalliance.org.au/>

<http://www.onenation.com.au/>

## **It's not too late to have your say**

**The only way we can get the Government to re-think its policy is to keep up pressure on Coalition Members and Senators during the election campaign.**

To find your Member/Senator's contact details, please go to this address:

[http://www.aph.gov.au/Senators\\_and\\_Members/Guidelines\\_for\\_Contacting\\_Senators\\_and\\_Members](http://www.aph.gov.au/Senators_and_Members/Guidelines_for_Contacting_Senators_and_Members)

Or just Google your Member's/Senator's name and this will take you to their own websites where you can leave a message. Politicians tend to be more responsive if their own electors write to them.

## **Tell us what you think**

You can now add your opinion on this issue via our online Members' Forum here:

<https://smsfoa.org.au/forum-chrono.html>

There are two ways you can do this:

1. Go the website and log in using your username and password. Then click on Forum on the top menu bar and look for the topic '2016 Election Superannuation Tax Debate' and enter your comments.
2. Or just send your comment by email to [info@smsfoa.org.au](mailto:info@smsfoa.org.au) and we'll post it to the website for you.

You don't have to give your name. We'd love to hear from you.

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