SMSF Owners' Alliance
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# Hate to say it Malcolm, but we told you so.

3 July 2016

The rebuke delivered by voters to the Coalition yesterday came as no surprise to one group of electors.

Ever since the May budget introduced a new tax and retrospective limits on superannuation savings, SMSF Owners and many thousands of individuals have been warning the Government it is going the wrong way on superannuation.

This was expressed in our regular briefs to Coalition members before and during the campaign, in letters from members of SMSF Owners to Coalition members, senators and candidates and in thousands of social media comments. While the superannuation changes were not a headline issue in most of the media during the campaign, we know that Coalition members were under a lot of pressure in their electorates.

Many Liberal voters felt betrayed that a party supporting individual effort and self-reliance should impose a new tax on retirement savings. This sentiment came not just from those in retirement who would be affected directly by the tax now, but also from those in middle-age who aspire to be financially independent in retirement.

It was extraordinary for a Coalition Government that argues for lower taxes and lower government to introduce a brand new tax on superannuation earnings for retirees. There has never been such a tax since superannuation was first introduced with the progressive income tax system over 100 years ago.

It was baffling that the Government attempted to argue that a new cap on contributions back-dated by 9 years was not retrospective. It clearly was and already the Government has had to modify its policy to take account of unintended consequences.

During the campaign and again on election night, the Prime Minister argued for stability in government to deal with economic and political turbulence created by Brexit and other global factors. It is no time to be fiddling with superannuation and undermining confidence in it.

On last night's known voting figures it appears the Coalition will either just scrape back into government on its own account or it may have to rely on independents to form a minority government.

Either way, one of the first things the Prime Minister should do on his likely return to office is order a re-think on superannuation policy and engage in genuine consultation with the superannuation sector, including SMSFs, on a better way forward.

If changes to superannuation are considered necessary they should be made in a way that does not reduce the value of savings that were made under the rules that existed before the May budget or reduce the opportunity for people to make non-concessional contributions.

Changes to superannuation should be prospective, not retrospective and retirement savings made before the May budget should be grand-fathered from the budget measures. This applies, in particular, to the lifetime cap on non-concessional contributions.

Instead of imposing a new tax and contribution limits, the Government should be expanding the parameters of superannuation and encouraging more retirement savings so more people can be financially independent in retirement and not have to rely on the next generation of taxpayers to support them.

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