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Retirement Benefits Unit  
Retirement Income Policy Division  
The Treasury  
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PARKES ACT 2600

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To Whom It May Concern,

The Financial Planning Association of Australia (‘FPA’) welcomes the opportunity to comment on the exposure draft of *Treasury Laws Amendment (2017 Measures No. 2) Bill 2017: superannuation reform package  amending provisions*.

*Death benefit roll-overs*

We refer to bringing forward provision for a recipient (who is a dependant of the deceased member) to commute and roll-over their death benefit income stream paid from the deceased member’s benefits, without having the commutation assessable as a member benefit.

We request that rather than bringing forward the application of the amendments contained in *Treasury Laws Amendment (Fair and Sustainable Superannuation) Bill 2016*, you provide for transitional rules to apply between now and 30 June 2017 to allow a recipient of a death benefit income stream to commute the income stream:

         either to an accumulation interest or another pension interest of theirs; or

         to withdraw the benefit from superannuation

without the commuted amount being: assessable for tax purposes; or a contribution.

Our proposal would allow any current recipient of a death benefit pension to take action (without suffering adverse consequences) to prepare for the introduction of the transfer balance cap.

*Structured settlements*

We note that the draft contains no provision to amend item 2 (which provides for transfer balance debits in respect of structured settlements) of the table in section 294-80 of ITAA 1997. On the current wording of that item, the amount of the transfer balance debit is the amount of the structured settlement contribution. This is the case regardless of whether the income stream that includes the structured settlement contribution was commenced.

We propose that where a structured settlement amount is included in an income stream before 1 July 2017, a transfer balance debit arises on that date. The debit amount equals the remaining structured settlement amount and associated return as at just before 1 July 2017.

Our proposal recognises that the return on structured settlements for permanently incapacitated individuals is especially important for meeting the income needs of those individuals. Further, our proposal would ensure the return on structured settlements is treated in the same way for transfer balance account purposes, regardless of whether the income stream is commenced before 1 July 2017 or after 30 June 2017.

Sincerely,

Dimitri

**Dimitri Diamantes CFP®**

*Policy Manager*

**Financial Planning Association of Australia**

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