

Submission on Draft Superannuation Determination

1. I have many clients who absolutely refuse to have their Superannuation Funds invested in shares. They have read and heard of the losses in super balances and will not have their retirement jeopardised by the market effects.
2. They do not believe that registered financial dealers do any more than “rip off” the public and pass the funds to huge companies who pay out whatever they want to.
3. If a couple retire at age 65, their life expectancy is 13 to 15 years. If they have \$350,000 and own a home, they are content to draw \$30,000 pa and not be “forced” to trust somebody they do not like.
4. They would prefer to trust themselves and should they die before all their funds are gone they can leave the balance to their family.
5. The media release refers to \$1,238,440 as the RBL. Australia has at least 2 different classes. The Rich who could have \$1,238,440 available, and the average worker or small business persons who would be lucky to have \$400,000 between husband and wife to retire on.
6. Is the Market Linked Income Stream a takeover by the Government of all super funds like the Singapore Government System, OR is it AMP and others trying to shop free enterprise and small business controlling their own funds.
7. There is no real explanation for the new complying system except that this new system will mean S.M.S.F will not have to pay an actuary for an annual report.
8. “It will provide investment choice.” The Government has just introduced legislation to allow choice of a fund now it has taken the choice away.
9. “It is expected to offer the potential for higher investment returns.” This is the sales talk of all financial dealers. This is a sell out no honest couples who want to invest their own funds and not have any risks — to get potential for higher returns.
10. “A retiree can provide a steady more predictable income stream.” Did anybody even consider whether people who were honest needed these products or wanted them or whether they would be better than what they had?
11. Most of the spiel is word for word from the PR of financial planners who talk up the system so they can increase their own income. Rene Rivekin — made his money as a Broker and Financial Dealer than when he bought and sold shares he ended up in jail. Aussie battlers do not trust these “experts” but are easily conned
12. “Use of super for Estate Planning purposes outside what was intended and not available to other super fund members and whether a small number of members can manage their super.” A person can collect their super blow it by spending or giving it to their kids (Estate Planning) then go on an aged pension after a 5-year period.

The government now says this is exploiting the system and they are trying to stop it. Next, you will try and stop them from dieing, as that will exploit the system.

13. The new system of a market linked income stream is not available before 20.09.04. It is not available after that date and a person may use a D.I.Y fund until 30.06.05. If they retire in June 2005, they cannot use their own system. No time to prepare the application rules.

I see innuendo of tax avoidance or Centrelink fraud but no details. Why impose this new set of rules on honest citizens who have lived and complied with the rules. Will this help them?

PHILLIPS ACCOUNTANTS

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