

**Mr Peter Knight's dot points for the Honourable Andrew Hastie MP
Member for Canning.**

- The following dots points regarding superannuation were discussed with Mr Andrew Hastie in his electoral office in Mandurah on the 24 October 2016.
- The Government's changes are unfair to hardworking Australians who have done the right thing and saved to be financially independent in retirement.
- They are now to be disadvantaged by a retrospective change to the rules they have dutifully followed.
- The Government backed down on the \$500k lifetime non-concessional cap because it was clearly retrospective and would wreck peoples' retirement plans.
- The \$1.6m cap is also retrospective - it forces people to re-structure their superannuation and imposes a new tax on the earnings on savings that weren't taxed before.
- The second tranche of draft legislation revealed a new retrospective measure. When assets over \$1.6m in a pension account are transferred to an accumulation account; they are again exposed to capital gains tax. Until now, superannuation assets in the retirement phase have been CGT free. The draft legislation allows the value of the assets to be reset to the transfer date rather than the date of purchase, but this only lasts for 10 years after which the value of the assets for CGT purposes reverts to the original purchase date.
- The Government has a budget problem it inherited from Labor (who show no remorse) but the solution is not to attack retirement savings, but to reduce government spending. It is unwise to use retirement savings to cover recurrent spending.
- Perhaps the worst aspect of the Coalition's 180 degree change on super (no change under Abbott/Hockey but very detrimental change under Turnbull/Morrison) is that they have set a precedent for any future government to raid superannuation savings.

- Turnbull and Morrison have been '*snowed*' by Treasury who have never liked superannuation much (except their own very generous defined benefit schemes) because they believe that the people who save for an independent retirement would do so anyway; even if there were no tax incentives.
- MP Andrew Hastie sat on a Parliamentary Committee that looked into the claim that superannuation tax concessions cost the budget \$32billion and the benefits go mainly to high income earners. The fact is that while people on high incomes do get a greater share of superannuation tax concessions, they also pay an even greater share of income tax in the first place.
- Earning rates on financial securities are far lower than has been historically the case. This means that for a given sum, a much less earnings amount is generated every year. As an example, one million dollars in the bank earning 2% would amount to \$20,000 per year. Whereas historically the earnings rate would have been about 6% which would generate an amount of \$60,000.
- It is obvious to all but the government from the above example, that Self-Funded Retirees would need MORE, not less, in their retirement accounts, to generate an adequate income stream to live on.
- Furthermore, any future financial calamity could have a devastating impact on Self-Funded Retirees ability to remain self-supporting due to erosion of their capital base.
- The cost of these changes will amount to thousands of extra dollars for each person affected because of all the complex administrative changes that will have to occur within each self-funded superannuation fund (SMSF) to comply with the new rules. In my case I have been told that I will need to pay about \$4,000 to re-arrange the accounts within my SMSF and to seek financial advice in order to legally comply with the changes. I make the point again that these changes should not be forced on to people with existing arrangements in place. After those changes, I will then be paying tax on any earnings over the cap of \$1.6 million. These changes amount to much more unnecessary cost.

If the Liberal Government goes ahead with the proposed changes I will never vote for the Liberal Party ever again. I won't vote for the ALP either, but I will

direct my vote in both houses to the either the One Nation Party, the ALA or to an independent candidate. I know many people who will do the same as me because we all feel (Liberal Base) that we have been taken for granted and lied to by the present leadership group of the LNP. No political party can afford to take its base for granted and expect to be re-elected.

There is one option still open to the Liberal Party if they want to take it and thereby save the day and to save face at the same time.

The leadership has to announce that any changes to superannuation have to be PROSPECTIVE and *not* retrospective. Any arrangements that are presently in place should be allowed to remain as they are. This is the only way the Liberals have any chance of being re-elected in three years' time.

Senator Arthur Sinodinos made the following statement after the election.

Arthur Sinodinos Quote: "Let's be very clear about this, I don't believe that it (superannuation) had the impact in the election that some people seek to assert," he said. "I don't believe that superannuation was quite the make or break issue that some people seek to make it." **Unquote.**

If the leadership group of the Liberal Party still believes what the Senator said, then the party is doomed.

My sage advice is for the Party to take the political flak now and make the changes prospective without any changes to existing arrangements. If this isn't done then the Liberal Party will be annihilated at the polls in three years' time.

Andrew, please take the trouble to read the other attached documents; In particular the papers written by **Dr. Ron Brewley and the SMSFOA**. These papers explain the true situation regarding all of the proposed changes. Their independent expert analysis shows that the Department of Treasury's figures and analysis are both deeply flawed and riddled with inconsistencies. As one policy adviser said recently; "it is lazy policy at best and incompetent policy at worst!"

Good Luck.

Mr Peter Knight SA Fin.

October 2016

**Ms Joanne Wood's Dot Points for The Honourable Andrew Hastie MP
Member for Canning**

- The following dots points regarding superannuation were discussed with Mr Andrew Hastie in his electoral office in Mandurah on the 24 October 2016.
- Superannuation allows individuals to forego current spending during their working lives so that they have a nest egg for retirement years and will not have to be financially dependent on the Government. It is not the Government's role to decide how much money an individual will need in retirement. Inflation, market fluctuations and other economic variables impact greatly on a retired person's income and savings.
- My husband, Peter, lost his job due to chronic ill health when he was 50! He has received no compensation from the Company that he worked for after 23 years and has had to pay all his medical expenses without any Government assistance. He has saved much of what he earned during his working life and planned very carefully to try and have enough money in our superannuation fund for our retirement. This task was made more difficult from unexpected and ongoing ill health at such a young age. Peter is medically classified as; *Totally and Permanently Disabled* (TPD) for employment purposes and unlike the Prime Minister doesn't find life that exciting anymore.
- If the Government wants to change the rules of Superannuation, it must also apply any adverse changes to Public Servants' and Politicians' Superannuation schemes and no changes should be retrospective.

For a Liberal Government to sacrifice lifelong middle class Liberal voters with these proposed changes is a despicable act. Peter and I will never vote Liberal again if these changes go through. Scott Morrison promised in Feb 2016 that there would be no changes to Superannuation.

Morrison Quote: *"The Government has made it crystal clear that we have no interest in increasing taxes on superannuation, either now or in the future....unlike Labor, we are not coming after people's superannuation."* **Unquote.** This statement was made in February 2016!

- Peter has already paid huge amounts of tax, enough is enough.
Superannuation savings are not something the Government can raid when they feel like it!
- Retirees are simply not able to replenish exhausted funds once they stop working.
- Peter is not a “greedy pig” as described by John Daley of the Grattan Institute, of which Lucy Turnbull is intimately associated. He grew up in impoverished circumstances, studied hard, worked hard, and has saved hard all his life. He now has ongoing ill health, lost a job he loved, has already paid large amounts of tax and has never received any Government assistance in the form of monetary payments.
- Please leave him alone to enjoy his life without the constant worry of changes to the Superannuation environment.

Ms Joanne Lesley Wood

October 2016