Submission to the House of Representatives Standing Committee on Economics

Inquiry into the implications of removing refundable franking credits

I know there are many thousands of people, of which I am one, who have already been affected by the unfair reduction in franking credits in the 2017/2018 tax year.

Effectively an increase in taxation for superannuants, due to the $1.6 million limit imposed on "tax free" income.

We will be further significantly disadvantaged if the refunding of franking credits is abolished.

I am presenting my particular circumstances to you as just one example of the effects of such a policy.

- I am 76 years of age and single.
- Joined the workforce at 23 years of age.
- Still in full time professional employment.
- On retirement at age 78 I will have been paying tax on my employment income for 55 years.
- I have met all the regulations in establishing and maintaining a self- managed superannuation fund.
- I have paid capital gains tax on transferring investments into this fund.
- Tax will also be paid on death when the Fund is transferred to my Estate.
- My expectation was that my retirement income would replace my professional income.
- On this basis I assumed that my preferred lifestyle would continue.
- However, the changes already introduced have reduced my superannuation income by 10%, as my superannuation fund balance is over the $1.6 million.
- Incidentally, the 10% equates to my contributions last year to public institutions in Sydney.
- These may have to go.

- Looking ahead, if the Labour Party's proposal to remove refundable franking credits is introduced, my superannuation income (my only source of income in retirement) would be further reduced.

- I have calculated that together with the 10% reduction already in place, my income would be reduced by 26% in total.

- This therefore would be a 26% Income Tax Rate, imposed in the last few years of my life.

- As I spend all my income this would result in an unexpected and significant change in my lifestyle.

- This was not envisaged as little as two years ago when planning for retirement.

- I would not be prepared to adjust to this situation brought about by increased taxation and would have no means of increasing my income to compensate.

- It is highly unlikely that I would be employed again at aged 78.

- Under these circumstances I would probably make arrangements to end my life, rather than live in reduced circumstances.

- I would not be eligible for, apply for, or accept, a government pension.

September 23, 2018