



House of representatives Standing Committee on Economics, Finance and Public Administration	
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JOW/MRC

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Committee Secretary
 Standing Committee on Economics, Finance & Public Admin.
 House of Representatives
 Parliament House
 CANBERRA ACT 2600

Dear Sir

Supplementary Submission: Inquiry into improving the superannuation savings of people under 40

In the event of the tragic death for a married couple with children, current tax provisions require distribution to be at the maximum tax rate where each child is over 18.

Were this money to be taxed at the dependents' rate, providing that moneys were placed immediately into each of their current superannuation fund accounts, the children's superannuation account balances would be enhanced.

This would provide a good incentive to help maximize the superannuation entitlements for non-dependent children.

As you are aware, although employers contribute 9% of ordinary time earnings into employees' superannuation funds, the rate for investment is effectively 7.6% after tax, which is clearly inadequate.

Hence my suggestion in my earlier submission, of following the United States and United Kingdom models of granting tax deductibility of contributions.

Yours sincerely

JOHN WATSON
 Senator for Tasmania

- cc Hon Bruce Baird, Committee Chairman
 Hon Chris Pearce, Parliamentary Sec. to the Treasurer
 Hon Mal Brough, Minister for Revenue & Assistant Treasurer

