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22 April 2009

Mr Ken Henry

:AFTSubmissions@treasury.gov.au
Secretary Treasury and
Chairman , Australia's Future Tax System Review
Federal Treasury
BARTON ACT 2600

Dear Mr Henry

HENRY TAX REVIEW – SELF MANAGED SUPERATION FUNDS

I am writing to voice my concern for Australian investors who rely on dividend incomes – especially retirees. It is with great fear that I read and hear in the media of some of the considerations of the Future Tax System Review you are chairing – particularly as they relate to Self Managed Superannuation Funds (“SMSF”).

I am a widow, having lost my husband some 19 months ago after a 21 month battle with a brain-tumour. We both retired to deal with his illness during the months left to him. Due to our forward financial planning we had previously established a Self Managed Superannuation Fund into which we added our superannuation payouts. It was my late husband's and my choice to save and invest our money in an SMSF for our retirement in the belief that it would provide a better quality of life for us in retirement, rather than relying on Government pensions. My husband died content that my financial future would be secure with the income from our SMSF investments.

I am not eligible for any pension or other benefit from either Federal or local ACT Governments and rely on the annual income from the SMSF to support myself without assistance from Centrelink benefits. Accordingly, it is with increasing alarm that I read that despite an instruction from The Treasurer Mr Swan to leave SMSFs aside during your considerations, you, Mr Henry are doing exactly that. I read you are considering changing the current tax arrangements for SMSFs – superannuation legislation put in place by the former Liberal Government to encourage citizens to be self-supporting in their retirement.

I further read that your Review is also considering removal or changes to the dividend imputation scheme for investments in Australia companies. I am greatly concerned that any such changes are unfair, unnecessary and a backward step. My concern is that such a move will negatively impact the value of those Australian companies in which SMSF's are invested, and which provide people like me the annual dividend income.

I find it extraordinary that this current Labour Government would consider taking any steps which would discourage Australians from investing in Australian companies, either individually, or as part of an SMSF. Such a change would only encourage workers to spend all they have rather than save for their self-funded retirement. I doubt it is the Government's desire to have the majority of its retired population on Centrelink aged pensions in the years to come. Hardly an efficient economic measure.

Mr Henry, as long as Ms Annette Ellis has held the seat for Canberra, I have voted for her, believing wholeheartedly in her principals, directions and beliefs. However, let me be clear. Should your Review's recommendations/outcomes in any way alter or impact on the annual dividend from my SMSF, I will neither vote for Ms Ellis again, or indeed vote for any Labor candidate in any future elections – Federal or local.

From discussions I have had with those in similar positions with SMSFs and/or private investment in Australia companies, there is great distrust and concern for your Review's current considerations and a distrust of the way the Labor Government is progressing in this regard. The Government needs to consider the number of retirees in my position and that we all vote. You too Mr Henry will be a retiree sometime in the future, depending on the income from your own self-managed scheme !!

Accordingly, I urge you to desist from tampering with taxation changes that would impact dramatically on SMSF investments and taxation rules.

I have written in a similar vein to both The Treasurer Mr Swan, and to Ms Ellis.

Yours sincerely

MARY GASKILL