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24 April, 2009

### **AUSTRALIA'S FUTURE TAX SYSTEM REVIEW**

We are a retired couple who have always worked hard, lived within our means and saved for our retirement. We are financially supported by our own Self-Managed Superannuation Fund (SMSF) and do not receive a government pension or part thereof.

We strongly believe that our tax system should support self-reliance in retirement savings and therefore support the choice and competition SMSFs bring to our Australian Superannuation System.

We are writing to express our deep concern at reports that the **Henry Tax Review** is considering recommendations to remove or change the dividend imputation scheme. The current scheme encourages retirees to invest in Australian companies – surely this is a good thing! Removal or changes to the scheme would be unnecessary, unfair and retrograde. Our concern is that it will negatively impact on the value of Australian Companies in which we are invested. Investment in these Companies provides us with important dividend income which includes franking credits.

Our concern is, not only for ourselves, but other retirees who are reliant on dividend income to live. In this economic climate the value of our investments has shrunk dramatically and implementation of these changes would just be a further blow to our already depleting returns.

Australia's population is ageing and, as such, we believe that SMSF users should be assisted to maintain reasonable levels of income on their investments and not, instead, penalised for being thrifty and planning ahead by saving for their retirement years.

The previous Federal Government recognized the value of independent, self-supporting retirees and instigated measures which encouraged many of us to set up our own SMSF.

The proposed changes to the current scheme may well result in the present Government having to deal with the cost of an enormous increase in the number of retirees entitled to, and applying for the aged pension, due to the erosion of their investments.

Be assured that this issue will have serious implications for us and many of our retired friends and will certainly influence our decision when next we go to the polls.

Yours sincerely

Ian and Maree McEvoy