

I am a self-funded retiree. My income is derived through a pension SMSF which is primarily invested in Australian equities paying franked dividends.

The proposal to do away with dividend imputation in conjunction with a lowering of the company tax rate would, as I understand, result in a significant reduction in my SMSF's effective income and thereby the pension able to be paid to me.

To illustrate:

Current situation

|                              |       |
|------------------------------|-------|
| Company PBT                  | \$100 |
| Tax at 30%                   | \$30  |
| Company PAT                  | \$70  |
| Dividend at (say) 80% of PAT | \$56  |
| Imputation credit            | \$24  |
| Pension SMSF income          | \$80  |

Proposal situation

|                              |       |
|------------------------------|-------|
| Company PBT                  | \$100 |
| Tax at 20%                   | \$20  |
| Company PAT                  | \$80  |
| Dividend at (say) 80% of PAT | \$64  |
| Pension SMSF income          | \$64  |

In other words, a current SMSF income of (say) \$40,000pa would be reduced to \$32,000 pa, a 20% reduction.

I for one am unable to live on a 20% reduced income, and I am sure this would apply to a majority of self-funded retirees (or any other group).

Having planned and saved for retirement on the basis of prevailing rules, I consider it unfair and unreasonable that changes with such negative impact on self-funded retirees could occur.

I submit that the proposals should not proceed, or only proceed if amended to be income-neutral to self-funded retirees.

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[removed for privacy reasons]