

Dear Sir,

We am writing to you expressing our concern over possible plans to downgrade Australia's dividend imputation, or franking credit, system.

We have recently retired. My wife and I are reliant on our Self-Managed Superannuation Fund (SMSF) in our retirement.

We invested into Superannuation during our working life at the behest of frequent government encouragement and advice that government would be unable to provide adequate pensions for retirees in the future. We also held a strong belief that we should arrange our financial affairs in retirement such that we would not be a burden on government or others. We believed that positive initiatives and alterations to the Superannuation scheme undertaken by governments of both persuasions during the last 25 years were firm and would not be tampered with by future governments. This belief nurtured confidence in our decision to actively contribute to Superannuation.

Our Self-Managed Superannuation Fund is actively invested in ASX listed companies (Australian Companies). The income stream flowing into the fund for our retirement is also reliant on franking credits generated by the dividend imputation scheme wisely introduced by the Keating Labor Government. Our decision to contribute to super was influenced by this arrangement. We thought it was made honorably and would be secure. It would further secure self-reliance in our retirement.

We are very concerned that the Henry Tax Review is considering recommendations to remove the dividend imputation scheme. This is retrograde and will almost certainly impact negatively on take home income from these Australian companies.

Our concern over this Henry Tax Review also extends to any interference with the taxation of Superannuation Funds in retirement.

Following retirement one has little ability to increase the retirement nest egg; in this case our SMSF. Funds were contributed into Super from our earnings on the belief that government encouragement, promises and beneficial alterations to the Superannuation Scheme were honorable.

We believe any government changes along the lines mentioned above are dishonest in the light of previous encouragement to invest in Superannuation, and will adversely affect our ability to be self reliant in retirement. Our voting plans at the next Federal Election will certainly be influenced by any Government decisions which adversely affect our retirement well being.

Yours sincerely,

Peter and Diane Paech