

Dear Sir/Madam,

We are writing to you to express our concerns at reports that the Henry Tax Review is considering recommendations to remove or change the dividend imputation scheme.

In recent times the Australian government has proclaimed the benefits of investing in superannuation and introduced changes to the superannuation system aimed at encouraging individuals to invest in superannuation for their future. On the basis of those incentives we set up a SMSF and transferred all our savings into it. The SMSF was our preferred option as it provided us with choice and control over our investment, affording us the opportunity to be self reliant in our retirement. Part of the appeal of our investment was of course the benefits of the dividend imputation scheme.

Our SMSF has invested primarily in the Australian share market and we are heavily reliant on the dividend income from those investments to fund our retirement. We are very concerned that the proposed changes will adversely impact both the value of the Australian companies into which we have invested and the dividend income provided by those companies including the franking credits. Adoption of this proposal will have a direct impact on our disposable income and the quality of our retirement.

We believe that the current Australian government has a responsibility not to remove or change the existing scheme in a manner which has the potential to disadvantage so many Australian voters. The resultant reduction in competition also poses a risk to Australia's superannuation system. As such, these changes can only be considered unfair, unnecessary and representing a retrograde step.

Yours faithfully,

James and Gail Walkey