From: Jim Callinan
Subject: C.J. CALLINAN - Taxation Review: Self-funded Retirees

The financial circumstances of self-funded retirees vary greatly. At one end of the scale are those with significant capital or investment income, who have little need for special consideration via tax concessions. Many of this group have significant superannuation which in any case draws the advantage of generous tax concessions.

At the other end of the scale are those whose income and assets place them just beyond eligibility for a pension, who do not have the advantages of a superannuation scheme, and who continue to pay income tax on their comparatively meagre investment earnings.

For example, a home-owner retiree with $600,000 in savings (thus ineligible for pension) might earn currently around 7% p.a. in interest, a total of $42,000 and pay tax (after senior concessions,etc) of roughly $6,000.

Such a retiree is not only saving the nation's treasury the cost of a pension and the tax revenue otherwise lost though superannuation concessions, but they are also still contributing income tax.

The self-funded retiree who is a non-homeowner is in an even more unenviable position, as they are paying tax on their total earnings even though this income is significantly reduced by their need to pay rental (perhaps $20,000 a year as a reasonable example).

I am not sure what the cut-offs and thresholds should be, but I am hopeful that the review panelists will recommend a more equitable consideration for self-funded retirees, especially those at the lower end of the income scale.

Thank you for the opportunity to make this brief submission.

C.J. CALLINAN