

Please consider what follows to be my submission:

AFTS REVIEW

Submission by George Baird Trotter

PREAMBLE.

I am in no way a finance/investment trained person.

I am prompted to submit my queries/suggestions because I have recently become a retiree and find that aspects of the current taxation regime relating to Retiree income are in need of review as it appears to me unreasonable to tax retirees who wish to live on the interest of their bank account at the full rate as though they are still in the workforce.

I want to put the money I have accrued in a lifetime of savings and Superannuation into a bank account and live on the interest - thereby maintaining myself at a reasonable standard of living and still maintaining the principal to hand on to my descendants to ensure they are in a firmer, more financial position in society. By this means, I and my wife are self sustaining throughout retirement and hopefully, my descendants will also be more likely self-sustaining and not be a drain on Australia's future social benefits schemes.

The PRESENT TAX REGIME FOR RETIREES.

1. The present tax regime prevents us retirees from utilising the bank interest option as we are taxed the full amount on our annual bank interest accrual. Why would a government deny such a fundamentally safe, stable and productive scheme to its retirees? By removing this tax, the retiree is given back control of their own finances, the thousands of greedy middlemen are removed, and Australia has an immediate increase in the pool of savings funds accessible to Australian industry and investors.

2. Under the present tax regime a retiree is left with virtually no option other than utilise regular Superannuation Funds. The effect of the Tax Regime is that Retirees are enforced to use only a scheme that charges high fees, pays managers, investment consultants and numerous other professional services and is structured to use up the principal of the Retiree before death. Is the government in the business of actively legislating tax regimes to disadvantage a larger and larger section of the community to the benefit of all the superannuation managers and advisers etc, etc, who make a fantastic living out of this "captive" pool of retirees even when the funds have massive losses. By all means allow retirees the choice of utilising Superannuation Funds, but also allow that part of the retirees group who are more conservative to have the same tax free benefits on annual bank interest as a means of retirement income. Why would a government legislate to preclude bank interest income schemes and only allow the present Superannuation Funds?

3. If the Government is afraid that the mega-rich will somehow find a way to exploit the removal of bank interest generated tax, then surely it is possible to have a cutoff point where tax free interest will not apply (to people below retirement age) or will cease, (say when a retiree is receiving more than a "reasonable income").

BENEFITS OF REMOVING BANK INTEREST TAX for RETIREES.

Retirees of a conservative view can utilise Bank Interest as an Income and no longer be forced into a scheme they do not want to utilise.

The Government will be seen to no longer be favouring the Superannuation Industry over Australian retirees without removing the Superannuation Fund option for those who wish to use them.

Retirees funds principal will remain after death for family use instead of being forcibly spent irrespective of personal choice or lifestyle need before death.

Australian industry will have access to a large cash pool for investment instead of going overseas.

Thank you for this opportunity.

George Trotter.