

Dear Sir,

I wish to submit the following to the Review of the Retirement Income System

- The superannuation system needs to include strong incentives to encourage people to participate, encouraging them to save and to invest and to reduce reliance on the Government and future generations to support those who have retired.
- The system needs to be simple enough to encourage people to take up the major part of the management of their retirement monies.
- The system must include choice. It should not be left solely to superannuation providers who manage superannuation monies without the input and choices of those who are benefiting from the superannuation income.
- The system should provide a range of choices ranging from those who want a “hands off” approach to their money to those who want an active “hands on” approach.
- The system should not be bound by any more regulation and reporting requirements than those that already exist. The current reporting regime provides protection both to superannuants and to the government. More reporting would take the system further out of the hands of superannuants and more into the hands of superannuation “specialists” who would profit at the superannuants expense. Any further regulation or reporting which increases the cost of “specialist” advice should be avoided.
- The current tax concessions which apply to superannuation need to be maintained. In particular, the tax free withdrawal of superannuation benefits for those aged 60 or over must be maintained. The superannuation system needs to be attractive enough for people to participate. Such participation maintains an important source of investment funding for the country.

In relation to the role of Self Managed Superannuation Funds in the Retirement Income System.

- Self Managed Super funds (SMSFs) are an important option for those seeking to support themselves in retirement.
- SMSFs encourage active management of income for those who have saved and managed their income effectively during their working life and give trustees choice and flexibility with regard to the structure of their investments.
- SMSFs should not be burdened with any more regulation and reporting requirements than those that already exist to ensure that superannuants are not deterred from participation in SMSFs.
- SMSFs encourage investment in Australian business and industry because they provide trustees with active choices regarding where they place their investments.
- SMSFs provide trustees with the flexibility to restructure their investments quickly to minimise losses when in an economic environment such as we have now. Proprietary superannuation providers do not give superannuants that flexibility and responsiveness and this can lead to passive acceptance of losses in bad times.

Yours sincerely

Stephen Maloney