This submission is made with the knowledge that the Australian Government, aware of the current financial crisis and its affects on retirees' capital pools, has allowed for a 50% reduction in the minimum limit to be taken as an allocated pension. For the reasons outlined below I respectfully ask that the Committee consider the removal completely of the ANNUAL MINIMUM LIMIT henceforth.

SUBMISSION :

Whilst the ANNUAL MINIMUM LIMIT for an Allocated Pension paid to a self funded retiree from a retirement fund is mandated by legislation and is calculated as a percentage of the total amount of assets of the retiree within the fund as at 1/07 of the financial year regardless of when it is to be paid and is calculated on the basis of age parameters.

By contrast there is NO LIMIT to the MAXIMUM AMOUNT or LUMP SUM which can be withdrawn. It can be a higher percentage or the whole amount of capital within the fund without any question or legislative limit or penalty.

As there is or will be from 1/07/2009 an INCOME and ASSET TEST on the income, capital, cash and superannuation assets of a retiree applying for an aged pension, CSHC or other Australian Government support, there can be no real demonstrable reason why there is a lower limit which MUST be paid out each year.

The recent worldwide economic crisis highlights the rapid loss of asset base from retirees' fund assets. Indeed, in my own case, with reputable Fund Managers and alleged considerable expertise managing my own self managed superannuation fund rolled over into an Allocated Pension in 2000, I was paid from capital for the first 3 years. A situation which will occur again this year and henceforth until such time as stability returns to the financial markets. This will result in a further depletion of mine and other retirees' funds.

My submission is simple and designed to draw to the attention of the Committee what, to a self funded retiree, seems an unnecessary and punitive anomaly as the extra monies which MUST be drawn down as an allocated pension may not be required and could be left in the fund for the future. Because of age factors, any excess of pension beyond actual requirements cannot be reinvested in the fund as a non-contributory deposit.

In putting forward this submission, the allocated pension drawdown would still be assessed prior to 1/07 of the financial year ahead and be based on the retiree's assessment of what would be needed for the year ahead. Considering the fee structure charged by the superannuation industry this could hardly be an additional burden. Variations upwards are allowed today without cost and the same should apply with this proposal.

I respectfully make this submission for the consideration of the Commission.

Garry E Scarf.