

I refer to the review of Australia's Retirement Income System and wish to make the following comments about it. I am a self-funded retiree and, as such, have a keen interest in policy in this area.

At a time of great economic pressure, it is imperative that retirement incomes policy remain focussed on encouraging employees to provide for themselves in retirement to the maximum extent possible.

Any steps now which further complicate the superannuation and pensions system are almost certain to work against this objective. With many people already questioning the value of superannuation as a viable vehicle for building retirement wealth, introduction of complex new demands on funds, their trustees or their members is almost certain to prove counter-productive.

This is especially the case for self managed funds [SMSF]. At present there is pressure from some superannuation providers for greater regulation of SMSFs, especially in relation to demands on trustees. In my view, much of this is being driven by self-interest and, in essence, is anti-competitive. Just as the retail sector has in the past attacked not-for-profit funds, so larger funds have a strong vested interest in creating difficulties for those using SMSF arrangements. This is obviously a contrived membership-drive initiative. It should be seen as such.

For those who have already retired and are wholly or primarily providing for themselves, it is essential that the system remains simple and straightforward, again to the maximum extent possible. Moreover, these people are entitled to expect that provisions to which they have aligned their own retirement income strategies will remain largely in place. This includes the current policy for taxation of superannuation benefits after age 60.

SMSF trustees certainly do need to be aware of their responsibilities. However, this is a requirement that need not involve heavy-handed intervention and imposition of additional complications. In this regard, any proposal to force mandatory training programs onto individual trustees is simply impractical, especially for the many retirees living away from major urban centres. In itself, such a provision may be enough to generate unwise decisions merely to avoid it.

Current regulations are quite clear about proper behaviour by SMSF trustees. If there is any concern about these provisions being flouted by a small minority, the answer lies in better enforcement rather than in creation of complexities that are likely to throw out both baby and bathwater.

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