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# DEAR MR COSTELLO… AN OPEN LETTER TO THE TREASURER

As the Treasury boffins crunch numbers, chew their pencils over how to match policy and the public purse in the lead up to the May federal budget, Adelaide based financial strategist Theo Marinis of Marinis Financial Group, has sent the following Open Letter to Peter Costello.

Dear Treasurer,

Thanks for being gutsy enough to have made so many excellent steps in improving our superannuation system – the changes last year were brilliant, but we still have a way to go.

May I suggest you consider the following as part of the next stage – most are very simple to implement, and will have a huge impact on ensuring Australians get the kind of retirement they deserve.

- Increase mandatory superannuation contributions to 15 per cent of wages so a reasonable retirement "kitty" can be saved

- Make co-contribution a compulsory payment by employers to ensure the low paid are not left behind in the super scramble

- Drop the 15 per cent contribution tax on super to boost its growth (you will get this back later when people spend!)

- Increase annual limits on superannuation; $50,000 does not allow for windfalls such as bonuses or inheritances

- Remove the Death Duty which will effectively occur as a result of the retention of the current death benefits Eligible Termination Payment (ETP) rules. This is an anomaly left from the old system.

  (I believe it is wrong for the government to threaten people under the tax legislation (Part IV A) and call them tax avoiders for re-structuring their affairs to avoid this defacto Death Duty.)

- Extend Centrelink's "deeming" rules to apply to all investments, including income streams, to remove the arbitrage situation which will otherwise needlessly continue to exist post 20th September 2007.

  (Both deeming rates and the assets test should be aligned. This obviously makes administrative sense. You can imagine assessment of income streams, with possible frequent commutations possibly via ATM withdrawal - tax free for those over 60 years of age post 1/7/2007 - would be a nightmare for Centrelink staff)

- Create an education program, and financial incentives, for Baby Boomers to fix their retirement saving situation, perhaps along the lines of the "Be alert, not alarmed." campaign

- Increase super incentives for working women over 45 to ramp up their superannuation accounts – this group have missed out more than any other on receiving the benefits of super

The obvious question, Treasurer, is how do we pay for such measures? I think the answer is simple, if we leave politics out of the equation. Increase the GST to 15 per cent and split the additional funds with the States to provide extra revenue to the Commonwealth to pay for the recommendations above.


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It is far smarter to tax consumption, not savings. We have one of, if not the best, retirement incomes systems in the world. The latest changes build on this wonderful system.

Let's make the final few changes to make our superannuation system truly the envy of every other nation.

Yours sincerely,

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