



**MARINIS**  
FINANCIAL GROUP

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Dear *Marty*

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### A CHANGE TO HELP SUPER CLIENTS

As a financial adviser with more than 20 years experience, I would like to offer a suggestion to the FPA that it lobby Government for an administrative change to the superannuation excess contribution legislation which would assist our clients – the mums and dads we are all here to serve – when an error has been made.

The scope for error under the current rules (often a simple reporting error) can be high, particularly in family owned small businesses, where superannuation contributions can be a mix of concessional and non concessional contributions and are often administered by unskilled staff.

I believe that Minister Shorten should be encouraged to legislate to allow an inadvertently excessive contribution to be unwound and withdrawn within a three year period. The process should involve only costs which are reasonable for administration by the ATO or any other superannuation or pension authority.

The current excess contribution rules are patently unfair. Despite the best of intentions and systems, human error will always occur, and the imposition of the current tax penalty in the absence of any opportunity for rectification is excessively harsh.

The penalty tax (currently as high as 93%) is draconian and at odds with the approach used for the lodgement of tax returns containing errors or omissions, which can be amended within three years of lodgement. In such cases, there is a general interest charge only levied for underpayment of any tax as a result of such errors.

Treasury would still get all the revenue to which it is entitled – rather than receiving a wind-fall as a result of a mistake, and the government would be rectifying a blatant ‘revenue raiser’ brought in by its predecessor.

Not only would the change actually make super simpler, it would also help improve public perception of superannuation. It would also serve to demonstrate that bad super rules (eg; the super surcharge and excess contribution penalties) are eventually eliminated as our retirement saving system evolves and adapts to our changing society.

I would be happy to discuss this idea with you or your advisers if you would like to follow up the suggestion.

Yours sincerely,

*Theo Marinis*  
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