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2nd May 2011

Mr COI Accountant
Accountant Address
NORWOOD SA 5067

Dear Mr Accountant

FEEDBACK ON ATO VISIT TO OUR OFFICES

You may recall my email of Thursday, 7th April 2011 regarding our meeting with the ATO on Thursday, 14 April 2011 as part of a national dialogue program with Financial Advisers.

The purpose of this meeting was for the ATO to understand any weaknesses in the Self Managed Super Fund (SMSF) industry.

(Please refer to attached Asset Magazine article and ATO letter regarding this meetings program).

As part of that process, we invited friends and colleagues to request any issues they would like presented at the meeting and I am now pleased to provide some general feedback.

(For those of you who provided specific, detailed questions, I will provide individual responses separate to this advice).

Overall, the meeting was very cordial, friendly and I believe, worthwhile. My colleagues Dino D'Aloia, Michael Callisto and I raised a number of issues which Assistant Commissioner Stuart Forsyth took on board. Mr Forsyth and his two colleagues – one, coincidentally a former manager of mine from my time at the ATO, were at pains to point out they do not make the law; they are simply there to administer it. However, on several points the ATO representatives undertook to feed some of the frustrations from "the coal face" back up the line.

One of the issues raised concerned the independence of Auditors and Administrators of SMSFs, which the ATO trio took on board.

A further concern raised, related to gearing in the SMSF environment, together with our discomfort at some of the widely touted "get rich quick" schemes which are currently being promoted over our airwaves. (In my public discussions on this topic, you would be aware that I advocate the opposite – "get rich slow!")

Our concerns in this area were based on the premise that superannuation is a long term, conservative savings system which is 'super charged' through tax savings, rather than excessive speculation. Allowing gearing magnifies the gains, however, nobody likes to see retirees with magnified losses!

The opportunity was also taken to express our frustration with the Excess Contributions Tax. I expressed the (not dispassionate) view that the current approach was mean-spirited, un-Australian and simply not in keeping with the spirit of co-operative wealth creation which traditionally surrounded retirement savings.

(Please refer to our attached Media Release No: 40 on this topic distributed last week).

It was suggested to the meeting that an indexed life-time-cap set at a reasonable figure to fund retirement (and keep individuals off the public purse) would be a better solution. The difficulties of the current rigid structure were cited, eg; a farmer or business person who has a bumper year can only put away a small amount of savings - $25k to $50k depending on age. Similarly, a highly paid female who takes a year off to raise a child can not replace her forgone super for risk of being penalised up to 93% in ECT. There just does not seem to be any logic in this approach.

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For your information, there are currently three related media releases available on our website at www.marinisgroup.com.au and I would also advise that I have recently communicated with the Assistant Treasurer, Senator Shorten and his Shadow, Mr Mathias Cormann regarding the subject of the ECT.

I hope these few brief comments will provide you with an insight into the issues which were presented. I would be delighted to answer any more specific questions you may have, either face to face, via email or phone.

Kind regards

Theo Marinis B.A., B.Ec., CPA., CFP®
Financial Strategist
Authorised Representative

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