

Grow with Marinis

From: Grow with Marinis
Sent: Monday, 18 March 2013 1:08 PM
To: Grow with Marinis
Subject: Super is Too Important to Mess With
Attachments: 2013 02 25 - Letter from Tony Abbott Re Super.pdf; 2013 03 13 - Cormann - Super Too Important.pdf; 2013 03 13 - Shorten - Super Too Important.pdf

Good Afternoon All

Recently I have become very concerned about “noises” coming out of Canberra to the effect that the Federal Government is looking to make significant changes to the superannuation system, to be achieved by winding back current concessions which reward hard working Australians, like you, for making the tough decision to fund their own retirement.

This edition of eGrow includes copies of letters I have recently sent to Mr Bill Shorten, Minister for Superannuation and to his counterpart Senator Mathias Cormann, Shadow Minister for Superannuation spokesman. They explain my concerns clearly. (All correspondence with politicians and their replies can be found on our website www.marinisgroup.com.au.)

As you would expect, I have VERY strong views on this topic – but they are not personal and are certainly not political.

In making the preceding comments, however, I would also urge you to not be overly alarmed about the effect of change as it relates to your own situation. Part of my undertaking to you as my client, is to take steps which can place you in the most flexible position possible, so that together we can deal with any challenges which may arise. For example, such steps may entail the use of a cash-out and re-contribution strategy (which saves 16.5% death duty on super and means you can more easily move your money into other structures if need be) and / or the “Marinis Buffer”, which is a cash shock absorber to help clients ride out the inevitable challenges the investment markets throw up.

As an economist, I appreciate that the Federal Government is in a revenue bind at the moment due to the mining tax failing to generate significant income and the underperformance of other revenue initiatives. However, in my view, the Government is considering the wrong side of the economic equation - to increase funding by cutting back on super benefits.

The simple answer to the Government’s challenges is to tax consumption – in other words to slightly raise the GST.

In my view, any attack on super would be akin to breaking a sacred ‘vow’ made to hard working Australians – that is “if you take responsibility for your retirement, your Government will make it much easier for you to fund yourself.” Such a breach would surely cost any party electoral support and I believe they are both smart enough to understand this. Therefore as a result of lobbying by me and others, I expect them to ultimately leave the system intact ... but as always, with a bit of tinkering.

If you have any concerns, please don’t hesitate to contact me on (08) 8130 5130 and please be assured, I will put copies of any responses from the Senator and the Minister on our website (alongside a recent letter on the subject from the Leader of The Opposition, Tony Abbott.)

Sincerely

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



GROW @ Marinis

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The Hon Tony Abbott MHR
Leader of the Opposition

25 February 2013

Dear Financial Planner

As you know, Superannuation savings play a critical role in helping Australians plan for their retirement with confidence.

Unfortunately, confidence has been eroded as the Gillard Government has increased taxes on superannuation and has failed to rule out more taxes and restrictive conditions on Australians planning for their retirement.

Labor has already imposed additional taxes on the super savings of Australians including the removal of most of the Howard Government's co-contribution to the super savings of low income earners.

By raiding the retirement savings of Australians, the Gillard Government is putting even more pressure on future governments to fund Australia's retirement income shortfall.

Restoring confidence in superannuation is part of the Coalition's plan to build a strong and prosperous economy.

To help Australians have confidence again in superannuation, we make this pledge: A Coalition Government will back superannuation to the hilt. We will deliver greater stability and certainty on superannuation – we won't move the goalposts.

A Coalition Government will ensure that there are no unexpected detrimental changes to the superannuation system during the next term of parliament.

Unlike Labor, we will not say one thing before an election and do another afterwards.

Given the Budget deterioration under Labor, we are determined to get the Budget back under control and that is why we will not keep the low income superannuation tax offset. This is funded from a mining tax that has raised only a fraction of what was forecast.

We hope you might inform your clients of our pledge to deliver stability and certainty to superannuation.

Yours sincerely

TONY ABBOTT

SENATOR MATHIAS CORMAN
Shadow Minister for Superannuation



MARINIS
FINANCIAL GROUP

13th March 2013

Senator Mathias Cormann
Shadow Assistant Treasurer and
Shadow Minister for Financial Services and Superannuation
Parliament House
CANBERRA ACT 2600

Dear *Senator Cormann,*

SUPER IS TOO IMPORTANT TO MESS WITH

I have been very encouraged by your recent comments regarding the future of superannuation and your commitment to increase concessional contribution levels once the budget is balanced (assuming the media I am reading is reporting you correctly).

On those occasions we have met here in Adelaide, I have been very impressed with your knowledge and commitment to retirement savings policy in this country and support for people taking responsibility for funding their own pension.

Should the Gillard Government be removed at the next election, I am certain a significant factor will be due to the perception held by many people over 50 that Labor is prepared to renege on the promise of a decent retirement for all working Australians. Certainly this is a common theme amongst my clients, many of whom are very hard working traditional Labor voters. I think the Government and Mr Shorten may have forgotten that for the first time ever, the mean age of voters at the upcoming election will be over 50.

The Treasury argument is said to be that the concessions available on super are too burdensome on the revenue side of the budget. Clearly those advising the Government have no concept of what it was like before the current system came in – I regularly had clients arriving at my office after their 55th birthday saying work was too much. The only thing they could be advised was to apply for either “The Dole” or Sickness Benefit until they were entitled to an Age Pension. Peter Costello’s greatest contribution to the ongoing welfare of older Australians was introducing Transition to Retirement – workers are staying engaged in the workforce longer and therefore are healthier, they are contributing to society as tax payers and are staying off the public purse while they grow their retirement nest-egg. It is a win-win-win situation.

A far smarter way of improving the budget bottom line, once the inefficiencies have been dealt with, is to tax expenditure in other words, increase the GST.

I have written to your counterpart on the same topic but in far stronger language and have attached a copy.

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Senator Cormann, I realise you are very busy however, if ever you are in Adelaide and want to have a chat about retirement savings policy as it is implemented by professionals at the front line, I would be happy to do so.

Yours sincerely

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Encl.





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13th March 2013

The Hon. Bill Shorten
Minister for Superannuation
Parliament House
CANBERRA ACT 2600

Dear *Mr Shorten*

SUPER IS TOO IMPORTANT TO MESS WITH

Every day I meet with hard working, traditional Labor voting, mums and dads in their late 50's who are angry and fearful you are going to destroy their retirement prospects by pulling the rug from under their superannuation plans.

Their fears are based on the drip feed of information in the media suggesting the Gillard Government is going to make further cuts to the superannuation benefits which these people have relied upon. If this reported approach is correct, you will go down as the worst minister for superannuation in Australian history.

Don't be fooled by the mirage of super being a rich person's play thing. Every client I have has ended up in the financial position they are in because of hard work. Where they have become financially comfortable it is because they were **uncomfortable**, working 14 hours a day or more at the peak of their career – taking responsibility for their own retirement.

The argument that superannuation is a burden to the revenue side of the budget sounds like the work of an undergraduate economist, rather than one with real world experience. I am old enough to remember many of my clients at 55 who felt they were too sick and tired to continue under the pressure of a 9-5 existence and so would go on the 'dole', Disability Support Pension or Sickness Benefit until they became eligible for an age pension. These days, following a Transition to Retirement strategy, individuals tend to work a few days less per week and remain contributing, tax paying members of society longer – rather than suffering a miserable fate of being poor and lonely at the end of their working lives. In my observation, those who work longer remain healthier longer – therefore are less of a burden to society.

Should the Gillard Government be removed at the next election, I am certain that a significant factor will be due to the perception held by many people over 50 that Labor is prepared to renege on the promise of a decent retirement for all working Australians. Certainly this is a common theme amongst my clients, many of whom identify as very hard working traditional Labor voters.

I would also remind you that these people vote. According to ABS, the percentage of the voting population over 50 by 14 September 2013 will be greater than those below it. Anecdotally, there are a lot of very unhappy Labor supporters out there who feel you have put their retirement at risk.

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Mr Shorten, please do not get “sucked in” by flawed arguments around super. Any econometrician will model just how good the current system of super is for the budget bottom line when reduced Centrelink outlays are included in the analysis. If you must increase revenue then the most sensible “lever” to pull is to tax consumption – simply raise the GST level.

I would urge you, therefore, to relieve the fear by leaving the superannuation system alone.

Yours sincerely

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