



**MARINIS**  
FINANCIAL GROUP

22<sup>nd</sup> July 2014

Senator Mathias Cormann  
Minister for Finance  
Parliament House  
CANBERRA ACT 2600

Dear *Senator Cormann,*

**FIXING OUR SUPER SYSTEM**

This is my first direct communication with you in your role Minister for Finance, and I believe that it is important that the government has a dialogue with industry professionals in respect of superannuation and financial advice matters.

Firstly, I take this opportunity to congratulate the government for its decision to remove the inflexibility surrounding Excess Contributions Tax on non-concessional superannuation contributions – it was refreshing to see the new Government move so quickly. The previous rules were unnecessarily punitive and not compatible with the spirit of shared responsibility for retirement saving.

In a similar vein, it is my committed belief that the impending deeming of Account Based Pensions will have a negative impact on our superannuation system and the budget, as a consequence of increased Centrelink pension outlays in the medium to long term.

As it currently stands, there is no doubt that this policy change will act as an incentive for superannuants over age 60 to spend their retirement savings faster, thereby qualifying for increased Centrelink support sooner than they otherwise would have.

A much simpler and more equitable system would be leave ABP income as Tax and Centrelink exempt up the minimum Age Pension. Amounts drawn in excess of this minimum might attract tax at the rate of 17% at source, with no refund available. Further the income in excess of the minimum could also be assessed by Centrelink.

Such an approach would mean there is a greater incentive for Australians to preserve their superannuation to supplement retirement income (rather than provide the incentive to squander it) for as long as possible. This after all, is the main objective of a superannuation system.

Senator Cormann, I make these comments to you from a front-line position of providing strategic financial planning advice on retirement savings issues. If you or your staff would like to discuss any of the issues raised, please do not hesitate to call as I would be happy to make my time available.

Yours sincerely

*Theo Marinis*  
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