

MARINIS
FINANCIAL GROUP

T 08 8130 5130
F 08 8331 9161
E admin@marinigroup.com.au
W marinigroup.com.au
A 49 Beulah Road
NORWOOD SA 5067

17 July 2024

Mr Steve Georganas MP
161 Main North Rd
NAILSWORTH SA 5083

Dear *Steve,*

Scheduling a brief meeting

I write, as one of your constituents, to seek a brief meeting when you are next in Adelaide.

The matter I wish to discuss relates to an outdated requirement with the superannuation regulations which necessitates a death benefit pension to be maintained separately, at additional cost, from the pension of a surviving spouse.

The only beneficiary of the additional cost arising from this regulation is the superannuation provider; there is no benefit to Treasury. Changing the regulation requires only ministerial intervention.

By way of background, I attach copies of correspondence previously forwarded to the appropriate ministers, to which I have received only the standard bureaucratic response.

By taking a more direct route, it is my hope that I can open a more satisfactory dialogue at a ministerial level. As my local federal representative, if you are able to meet with me to discuss this issue, I would be appreciative of your time.

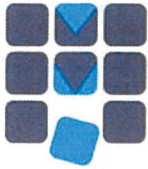
I look forward to hearing back from you in due course.

Yours sincerely,

Theo Marinis CFP®, B.A., B.Ec., CPA., MCIFAA
Authorised Representative (#242123)
Financial Strategies (SA) Pty Ltd | **ABN** 54083005930 | **AFSL** 326403

Attachments:

- Death benefit pensions - a case of missing the point - Letter to Assistant Treasurer and Minister for Financial Services (16 April 2024)
- Remove 'Widow's Tax' from death benefit pensions – Letter to Minister Jones (20 February 2024)



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16 April 2024

The Hon Stephen Jones MP,
Assistant Treasurer and Minister for Financial Services,
Parliament House
Canberra ACT 2600

Dear *Minister Jones,*

Death benefit pensions – a case of missing the point:

I refer to my letter to you dated 20 February 2024 (enclosed) concerning death benefit pensions of deceased persons being forced to be maintained as separate accounts, and the resulting fee impact to the surviving spouse.

The response from Mr Adam Hawkins on your behalf, was technically accurate, and told me exactly what I knew after more than 35 years as a superannuation professional – but it missed the central point.

The point is, the anomaly which exists when a Reversionary Pension passes to a surviving spouse who is a) well past preservation age and b) has already satisfied a condition of release. The need to maintain this pension separately is an anachronism which causes a fee impost, simply because the system has not kept up with the changes to superannuation legislation since the original SIS Act and Regulations of 1993.

There is no valid reason to force members in this circumstance to maintain two separate pension accounts.

As I pointed out in my original correspondence:

- The current restriction on the amalgamation of two Account Based Pensions, both legally the property of a surviving partner, results in the incursion of two sets of administration and investment fees, creating an impost which can run to some hundreds of dollars.
- We learned from the Hayne Royal Commission that charging fees to deceased persons was then rife in the financial services industry. Under the current super system, a similar problem exists.

I am sure that you would agree that no one should be charged higher fees where the only beneficiaries are the superannuation fund providers who receive fees for no additional service.

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I ask therefore, that you review my original letter and consider the social problem I have highlighted, with a view to remediating this relic from past regulations.

I look forward to receiving your response.

Sincerely,

Theo Marinis
Managing Director

Encl Letter to Hon Stephen Jones MP Assistant Treasurer and Minister for Financial Services



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20 February 2024

The Hon. Stephen Jones MP
Assistant Treasurer
Parliament House
Canberra ACT 2600

Dear *Minister Jones,*

Remove 'Widow's Tax' from death benefit pensions

I write to draw to your attention to an inconsistency in the superannuation regulations which requires the pension account of a deceased person to remain active – at significant cost to a beneficiary.

The inconsistency occurs when a surviving partner, also in pension phase (and statistically most likely to be female) is required to maintain separately to their own pension, the Death Benefit pension of a deceased partner.

The current restriction on the amalgamation of two Account Based Pensions, both legally the property of a surviving partner, results in the incursion of two sets of administration of and investment fees, creating an impost which can run to some hundreds of dollars. It is akin to a 'Widow's tax' – although unlike a true tax, there is no revenue payment to the government; this windfall is collected solely by the superannuation fund provider.

It is an anomalous situation which should, and can be rectified. An amendment to the current regulation to allow a surviving partner to consolidate a deceased partner's pension balance with their own would remove the need to incur double administration costs. Whilst in some rare instances there may be Transfer Balance Cap considerations, the pensioner still has time to decide how to deal with any excess amounts.

Minister, in conclusion, I put to you that to retain the status quo via the current regulation is tantamount to charging fees to the deceased – a practice which you would recall, attracted the considerable wrath of Commissioner Hayne during the Banking Royal Commission.

Your consideration to this matter is appreciated. Should you or any member of your department require additional information or clarification, I will be happy to respond.

Yours sincerely,

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

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