



# WIN OR LOSE?

## What the federal election means for your finances

**PRIORITIES:** Investors Ian and Rebecca Peters, of Mount Osmond, are more concerned about environmental policies than tax and super changes. Picture: Keryn Stevens/AAP

### ANTHONY KEANE

PERSONAL finance and tax are Australia's biggest federal election flashpoints for the first time in many years.

Plans by the Labor Party to crack down on negative gearing tax deductions, capital gains tax discounts and retirees' franking credit cash refunds will hit the hip pockets of millions of people, either directly or through potential side effects.

Self-funded retirees are fuming over Labor's policy to axe cash refunds for excess franking credits from shares, which will cost many a huge chunk of their income – about \$10,000 a year.

Association of Independent Retirees acting president Wayne

Strandquist said the changes would force many self-funded retirees on to the age pension, and cutting their income to fund other spending promises was "not fair".

"Imagine if the Labor Party announced to union members that, if elected, they will move to reduce their income by 10 per cent or more – the whole country would come to a standstill," he said. "Imagine how workers on construction sites would respond."

Labor is odds-on favourite to win this weekend's election.

Financial strategist Theo Marinis said it was brave of Labor to stick to its tax increases, because things didn't go so well for the Coalition in 1993 when it

lost the "unlosable election" over the GST.

"Negative gearing has been a big Ponzi scheme, but the concern is that the property markets have already come off, so the timing won't be fantastic," he said. Mr Marinis said the key message to investors was "don't panic". "Just wait and see what happens," he said.

Realestate.com.au chief economist Nerida Conisbee said weaker investor confidence had driven the current housing market downturn, and things were likely to get worse.

"The changes to negative gearing and capital gains tax will lead to a further drop in house prices and also lead to a rise in rents," she said. "The analysis is

consistent. Renters are very sensitive to rent increases and I think they will really lose out."

On the positive side, most workers will receive tax cuts worth hundreds of dollars a year – to be paid via a tax rebate when they file their tax return from July.

The Coalition's steady-as-she-goes approach to personal finance for this poll contrasts with Labor's long list of changes, including cutting some superannuation caps and removing flexibility around super contributions.

Mount Osmond residents Ian and Rebecca Peters, aged 58 and 55, are in superannuation savings mode but are more concerned about environmental

policies than proposed tax and super changes.

"Whether you have 5 or 10 per cent more or less funds is less of an issue than whether the wheels are falling off society or whether you are destroying species at an alarming rate," Mr Peters said.

BetaShares chief economist David Bassanese said election campaigns could be negative for the economy because of uncertainty, but there was often a "post-election bounce in sentiment".

"In the main, elections tend to have short-term impacts on the economy and markets, so more often than not the best investor reaction is to maintain their current strategy," he said.

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