

Retired public servants get a free kick - compliments of the Australian taxpayer

“Senior public servants have generously allocated themselves an extra 10% in superannuation, in the guise of a Tax Offset... available only to them” says Adelaide based financial planner Theo Marinis.

“Ostensibly, this particular tax break for ‘unfunded’ Defined Benefit pensions was legislated to make up for the fact that ‘fully funded’ superannuation pensions were made tax exempt after age 60, to discourage ‘double dipping’.

In fact, there was never any logical policy reason for providing such a massive tax break to the unfunded Defined Benefit pensions paid to retired public servants, given that they cannot ‘double dip’ their DB pensions, which are set at a predetermined rate and paid for life.

To my mind, this has created a grossly unfair tax advantage over mainstream Australian retirees,” Theo said.

“Why should my former colleagues in the Australian Public Service and some of their state government bureaucrat brothers (not to mention our politicians who legislated this exclusive tax offset) be entitled to this BIG free kick when the rest of Australia’s workers are not?

By any stretch, public servants in Defined Benefit super schemes enjoy far more generous superannuation than the average worker. And yet the Australian government has legislated that they should get 10% more benefit than the rest of us. This does not pass the fairness test, and I fear that politicians were either duped, or complicit in approving it.

Not all public servants benefit significantly from this tax offset; those with Defined Benefit retirement pensions of \$30,000 - \$40,000 pa are not taxed and will not benefit from the 10% additional ‘Untaxed’ pension tax offset.

I refer to the retired senior public servants receiving \$100,000 pa plus in Untaxed retirement pensions – the upper echelons of the Australian Public Service – the mandarins in charge of government departments, and most of their political masters. These are the elite members of the APS, paid hundreds of thousands of dollars in salaries, and now receiving large annual DB pensions –who get to make the extra special dip into the public purse.

They are the retirees who are (or can look forward to) receiving the benefits of their special gift to themselves – from taxpayers – to the tune of an additional \$10,000 per year. In very simple terms, if they retire at 60 and die at 85, these retired members of the APS will have received an additional quarter of a million dollars extra in retirement benefits.

Australian public servants (and I speak as a former member of the APS) are not a special category of retiree. MOST of them did not put their lives on the line in Iraq, Afghanistan, and Vietnam, or in WWII.

It is possible that the Tax Offset benefit was an ambit claim by senior APS staff to the government of the day and ended up slipping through. If that is the case, it is was questionable and it should be ruled out immediately by the federal government” Theo said.

For further information please contact:

Theo Marinis

Financial Strategist
(08) 8130 5130

-o0o-

For further information, please contact:



Theo Marinis B.A., B.Ec., CPA., CFP®

Financial Strategies (SA) Pty Ltd

Trading as **Marinis Financial Group**

T 08 8130 5130

F 08 8331 9161

E admin@marinisgroup.com.au

W marinisgroup.com.au

A 67 Kensington Road
NORWOOD SA 5067