

## Here's \$1.5 Billion in Savings – Without Screwing Down Older Australians

"The federal budget repair can be easily kick-started by removing a little known 'free kick' (in the form of a 10% Tax Offset) handed to the retirement pension income of politicians and public servants back in 2007. The removal of this free kick would save an estimated \$1.5 billion per year," according to Adelaide based financial strategist Theo Marinis.

"It is scandalous that the very people who are planning to slug older Australians (in order to pay for fixing the mess Canberra created) gave themselves on the quiet, an unnecessary 10% Tax Offset on their already VERY generous Untaxed Defined Benefit super fund pensions.

"The really greedy aspect of this Tax Offset is that there is NO valid policy reason to give such a tax concession. The perpetrators of this policy are either ignorant, or worse still, self-centred; maybe both!

"Superannuation 101 teaches us that tax concessions on private super (ie: funds which do not provide Defined Benefit pensions) are provided to discourage people from 'double dipping' or running down their super lump sums too quickly and thus falling back on the Centrelink purse.

"These tax concessions are also provided because private super is taxed on Concessional Contributions on the way in; earnings are taxed in the fund, and prior to age 60 lump sums are taxed on the way out.

"In contrast, 'Untaxed' Defined Benefit pensions have NEVER been taxed which is why they are called 'Untaxed'. There is NO VALID policy reason to provide this obscene extra tax free kick.

"Politicians and public servants in Un-taxed schemes receiving a Defined Benefit pension cannot double dip; they automatically receive their pension each fortnight – a pension, usually automatically indexed to CPI, with no exposure to market volatility.

"Politicians and public servants in Untaxed schemes receiving Defined Benefit pensions (and there are literally hundreds of thousands of federal and state public servants in receipt of Untaxed Defined Benefit pensions) already have a predictable and VERY generous retirement income.

"And, after age 60, they granted themselves their 10% Tax Offset!

"There are approximately 100,000 pension members of the Commonwealth Super Scheme (CSS) each benefiting by a very conservative average of \$3,000 pa. The removal of this rort would automatically save \$300,000,000 – every year.

"In addition, there are those on the PSS, DFR Defined Benefit and all the state and Territory Government Defined Benefit pension schemes, PLUS the old, very generous, Un-taxed pension schemes for politicians!

"Meanwhile, in Canberra our leaders and their advisers, who are meant to be there to serve the public, are designing new ways to firstly, blame and secondly, to thwart the efforts of the generally hardworking and distinctly less advantaged.

"I refer to people over 60 years of age in non-federally funded, non-Defined Benefit superannuation funds. They are the people (who should be considered the 'Super Stars' of our retirement policy) who listened to the superannuation message and put away a little extra cash.

"These are also the people who, from 1 January 2017 will see their Centrelink Age Pensions cut.

"I believe that the starting point for the politicians (and the public service) should NOT be "How much can we squeeze older Australians without getting a voter backlash?" It should be, "How do we lead the nation by example and start by reducing our own excessively generous schemes – so that we ALL do our bit, to share the pain needed to repair the budget?"

"Newer members of parliament are no longer permitted to join the old VERY generous politicians Un-Taxed Defined Benefit pension scheme (this was closed to new entrants by John Howard, due to political pressure from then opposition leader Mark Latham). They are, therefore, in the same superannuation boat as everyone else, so they have NO vested interest to protect. Let's hope they lead on this matter and bring some equity (and savings) into the super debate.

“Perhaps the more newly elected politicians and cross benchers can take the lead and cross the floor to force this overdue change in the present parliament!” said Theo Marinis.

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