

Media Release (UNDER EMBARGO UNTIL MIDNIGHT SUNDAY 6 MAY 2018)

New Alliance wants fairer retirement outcomes for all Australians

7 May 2018: Several associations have formed the “Alliance for a Fairer Retirement System” to explore options to fix problems with the existing superannuation taxation, Age Pension means testing and broader retirement income systems. The formation of the Alliance is in response to Labor’s proposal to disallow refunds of excess franking credits for a range of retirees and shareholders.

The Australian Shareholders’ Association, Australian Listed Investment Companies Association, National Seniors Australia, SMSF Association, Self-managed Independent Superannuation Funds Association and Stockbrokers & Financial Advisers Association have formed the Alliance to work together on this important issue. We expect more groups to join the Alliance shortly.

These associations represent millions of senior Australians, shareholders, self-funded retirees and those planning a sustainable retirement, including over one million members of self-managed super funds.

The spokesperson for the Alliance, Professor Deborah Ralston, said: “I am very pleased that the Alliance has been formed as it will contribute substantially to the debate on improving retirement outcomes for millions of Australians.

“We need more evidence-based research and policy development and increased bipartisan support to complete the development of Australia’s retirement income system. Once that development has been completed, there needs to be a period of ongoing stability for the system so that Australians can plan for their retirement with confidence.”

“Providing for retirement requires trust that the system won’t change,” said Judith Fox, the CEO of the Australian Shareholders’ Association. “Having a self-funded retirement income requires long-term planning and stability. Ad hoc policy changes erode trust and don’t meet the need for a sustainable retirement savings plan. We need policy that looks at the superannuation and tax systems comprehensively rather than cherry picking elements to raise revenue.”

“National Seniors’ charter is to improve the lives of all older Australians,” said Ian Henschke, National Seniors Australia Chief Advocate. “Let’s hope this issue triggers a broader debate on systemic tax reform to fund sustainable, fair, private and public pensions. We’ll be working hard for that outcome.”

The CEO of the SMSF Association, John Maroney, welcomed the creation of the Alliance and stressed the need for clear communication on key issues. “Let’s talk about ‘company paid tax credits’ rather than ‘franking credits’ because that’s what the issue is. Companies have already paid tax on behalf of their shareholders; hence it is appropriate for those tax credits to be available for all shareholders.”

Michael Lorimer, Managing Director, Self-Managed Independent Superannuation Funds Association (SISFA), added “The consequences of this proposed policy will hurt real people who are not wealthy. Just because you have a SMSF or small APRA fund does not mean you are “wealthy”. Labor’s proposed policy will change investment behaviour which may drive more people onto reliance on the Age Pension. The announced carve-outs are arbitrary and mean there may be more complexity and unfair consequences will ensue.”

The Alliance is considering a report prepared by Michael Rice, CEO of Rice Warner, on the implications of Labor's proposed policy on franking credits. That report clearly exposes many of the poor design features of the policy and the unlikelihood that the projected revenues will eventuate if the policy was implemented. The Alliance will commission and encourage further research and policy discussion on these topics and intends to convene a summit later this year on retirement system design.

"Labor's proposal will cause a distortion of the market and give an unfair advantage to large taxpaying superannuation funds at the expense of everyday Australians who have worked hard, paid their taxes and carefully saved for their retirement through their SMSF or small APRA fund," said Andrew Green, CEO of the Stockbrokers & Financial Advisers Association.

The Alliance calls on all political parties to carefully consider issues related to superannuation taxation and retirement design and to ensure that policy development is undertaken on a holistic basis and not via ad hoc steps in response to short-term revenue objectives or political objectives that could undermine confidence in the retirement system. Other associations who share these concerns are invited to join the Alliance.

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