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PO Box 2046,
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Victoria.

General Manager,
Superannuation, Retirement and Savings Division,
The Treasury, Langton Crescent,
Parkes, ACT 2600.

25th May, 2006

Dear Sir,

Proposed Superannuation Changes

I have read the 'A plan to simplify and streamline superannuation' publication and would comment as follows.

The changes that are proposed take effect as from the 1st July 2007 are (I believe) both balanced and fair, though it is perhaps regrettable that these changes are not to be introduced earlier (that is; 1st July 2006).

My main concern in respect to the proposed changes, is in regards to the $150,000 maximum sum that can be contributed 'after tax' into a Superannuation Fund on an annual basis.

My wife and I are in our late 50's and at a future time we would seek to sell our family home and purchase a smaller home, perhaps in a retirement village.

I had been concerned as to how we would achieve such an objective, given that we would like to make the purchase, before making the sale, so as to ensure that we have a 'roof over our heads' at all times, thus minimising another potential worry should the sale of our existing home take longer than we would like.

With the proposed Superannuation changes, we believe that we will now be able to achieve our objective, in that we could draw the money to purchase our new home from our Superannuation Fund.

With the sale of our existing family home then complete, we would seek to pay the money into our Superannuation Fund, thereby replenishing what we had previously drawn out and (hopefully) adding a bit more towards our continued retirement income.

It is at this point that the proposed the $150,000 maximum sum that can be contributed 'after tax' into a Superannuation Fund on an annual basis becomes a concern as obviously our existing family home is already worth more than $150,000.

With the above thoughts in mind, I would like to see the proposed Superannuation changes further changed, so that if you draw a lump sum from your Superannuation Fund, you be allowed to replenish that sum back into your Superannuation Fund, irrespective of the amount (drawn out and subsequently deposited back in), provided that the deposit back into the Superannuation Fund is made within twelve months of the lump sum being drawn out of the Superannuation Fund.

The above monies would all be of an 'after tax' nature and would be in addition to the $150,000 maximum sum that can be contributed 'after tax' into a Superannuation Fund on an annual basis.

For example; (say) our family home is worth $500,000 and we want to purchase a retirement home for $250,000.

With the above suggested amendment to your proposed changes to the Superannuation Legislation, we could in (say) January 2008 draw $250,000 from our Superannuation Fund in order to purchase the retirement home.

In (say) May 2008 we sell our family home and deposit $400,000 into our Superannuation Fund (being the $250,000 that we withdrew in January, plus $150,000 'after tax' contribution).

This would leave us with $100,000 that we would then invest for twelve months, after which time we could then deposit that money (plus any interest earned on the investment), as an 'after tax' deposit into our Superannuation Fund.

From the Australian economies viewpoint, such a change as I have suggested above, would be to increase savings and reduce possible Government Pension dependencies, whilst from the viewpoint of my wife and myself, enable us to enjoy a longer financial retirement.

I applaud the decision to encourage saving for retirement and to encourage people to work until they are at least 60 years of age.

This however brings me to my second point of concern, which is more a concern about current Federal Government policy than it is about the proposed changes to the Superannuation Legislation.

As indicated earlier, I am in my late 50's and I work in the IT industry.

Whilst many Companies are more than happy to train their employee's in what are considered the 'core functions' of the business, few Companies are interested in training their IT employee's, preferring instead to simply employ a new IT employee with the required skills that the Company needs, whilst encouraging existing IT employee's (who have skills that the Company no longer requires) to 'seek employment else where'.

The impact of such a situation, is that older employee's such as myself who want to work (in my case I would like to work until I am at least 65 years of age), are finding themselves 'on the scrap heap' and no longer employable, as is likely to be the case in my own instance in a few months time.

Now I am not saying that such a situation has arisen as a result of the Federal Governments new IR policies or the Federal Governments policy to encourage skilled persons to emigrate to Australia, though I would have to say that neither of these Federal Government policies do anything to ease the 'scrap heap' for older Australians situation.

The real problem is getting employer's to value older employees and therefore ensure that the older employee's are fully trained and therefore fully skilled in what ever work is required and I would like to see a change in Federal Government policy that encourages such a change of 'mind set' in employers.

Yours faithfully,

William E. Allen