

J Lonsdale
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The Treasury
Langton Crescent
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6th August 2006

Dear John,

A plan to simplify and streamline superannuation

As a Fellow of the Institute of Actuaries I am aware of the submissions put forward by that organization although lack of time prevented me from getting involved with that submission.

Whilst I do agree with many of the recommendations put forward by the Institute of Actuaries I would like to add four which the Government should consider or confirm.

1 Eligibility rule for making a superannuation contribution

The current “working rule” arrangements for persons under age 65 should apply to persons under age 75. This change will:-

- (i) simplify the trustees work
- (ii) remove the need for “artificial” employment arrangements and
- (iii) simplify the 3 year averaging maximum undeducted contributions rule i.e. the \$150,000 per year maximum simply applies for each tax year until the tax year of the members 75th birthday.

2 TAP's to be available for superannuation monies from age 55

Transitional Allocated Pensions purchased before September 07 may be arranged on a **totally** non-commutable basis and become 50% Assets Test exempt for Age Pension purposes. i.e. you should allow a TAP to be purchased from preserved components of a superannuation fund if a person is over age 55 and still working..

3 Ability to change TAP term after 20th Sept 2007 and retain 50% Assets Test exempt status

Confirm that persons investing in a TAP before 20th September 2007 can change the term (by roll-over) after September 2007 and retain the 50% Assets Test exempt status.

4 Assignment of TAP or annuity income for capital lump sum

Allow an annuitant/pensioner the ability to exchange some or all of the income from their annuity or TAP for a lump sum on health grounds only. Eg to purchase an accommodation bond or pay for costly medical procedures.

Note: I don't believe a superannuation pension or ETP annuity income can be assigned under current laws.

You may contact me on either 0394972937 or 0422865307 if you would like to discuss any of the above issues further.

Yours sincerely

Paul Melling FIA FIAA