



## The Paull Group Financial Strategies

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**Dear Sirs**, in addition to the very creative proposed rules you have introduced for Australia's Super in the future, I offer the following which would help **further simplify** Super and make **understanding, equality, and flexibility, universal for all Australians**.

They would help secure Super as the nucleus for the financial planning structures of all Australians, and create security for their future. There would also be significant cost savings in the administration, tax collection, and education for funds and consumers.

Several are developments to the presentation I made to Mr Derek Bazem, Dept Liaison Officer (Superannuation) on 7<sup>th</sup> May 2003, when I showed how over 50 rules and practices could be made obsolete and replaced with only 2 Rules and 2 Sub Rules.

I trust you find the concepts attractive and ask you consider incorporating them into the final structure of future superannuation.

**Equality  
for all with  
universal  
deductibility**

Personal deductions above SG for employees can only occur if they have salary sacrifice (s/s) facilities. Numerous Australians do not have S/S and cannot gain deductibility for their additional contributions. Why should this be allowed to continue?

All contributors should be allowed to claim deductions in their tax returns (same as self employed) for additional deductions above SG etc, (up to maximum limits)

This creates universal equality, and significant enthusiasm for Super.

**No more tax returns for most retirees**

When retiree's only income comes from Superannuation based incomes, (and perhaps Centrelink), it can be promoted that they... "never have to complete another tax return".

Community awareness of this would be very worthwhile, and a significant cost saving to Government.

Other income earners would be identified through the Tax File system so there is no loss of revenue.

**Change the 'Work Test' to 'Income Test'**

Please change the Work Test , which is cumbersome, 'fussy', difficult to administer and police, to **'Income Test'**.

If someone earns an income, they could make contributions.

The results and practicality are similar (albeit with a little more opportunity for involvement), however if people don't have income they don't have the means to contribute anyway, so why maintain a difficult rule, when a simple and easy to understand one, achieves a similar result.

**Broaden who can contribute, for whom, and at any age**

Imagine how readily Australians would embrace Super, if your contribution rule said:

**"You can contribute to superannuation ...at any time, for any person, at any age".**

The rules become simpler, everyone can understand, the blockages are removed.

Senior people can still contribute (subject to the Income Test) for themselves, at any age.

All ages can contribute for self or another person (eg, partner, child, Grand children, God Children or similar, nieces nephews etc, dependents/ foster/ supported persons etc.).

The advantages are significant as 'compounding of earnings' are not only harnessed, but most importantly, are 'not lost', which occurs when contributions could have been made years earlier.

The opportunity to help establish a secure future for those we care for, removes considerable pressure from their budgeting.

It provides them with greater opportunities for shorter term savings for their more immediate needs etc.

The limit of contribution could be restricted to the proposed \$50K per contributor... or perhaps up to \$50K per receiver. If this is considered 'too generous', some lesser amount, but the amount needs to be worthwhile.

The purpose is to provide future security and remove pressure on the social security system . . .

**On Death, transfer money in deceased's super fund, to beneficiaries' Super Funds**

Money remaining in super on death could (all or part) be transferred to beneficiaries Superannuation Accounts. If this occurs the death payment transferred could be free of tax. when it goes to a non dependent.

(As above it can go to any person etc)

This greatly helps many people (single or married) who do not have bloodline dependents, and their beneficiaries can receive their super moneys tax free. (albeit without access)

(in my 'New Super' presentation 7/5/2003, I suggested there should be considerable extension of preservation, including amounts above a maximum eg \$1.5mill per person, would need to be transferred to 'another person's super fund'. The Governments proposals remove the ceiling but restrict the contribution amounts, so a quasi ceiling will occur.

I also suggested people could contribute 'half their income', which gave a floating amount, which automatically adjusted for CPI etc and was simple to understand)

If the Universal amounts are maintained, when adjusted for CPI or AWOTE, can they please be 'rounded to the nearest (say) \$3-5000', so the public can identify to (say) \$55000, and not unusual amounts of (say) \$53,291 etc.,

**Abandon Pre '83**

The proposed maintenance of a figure for Pre 83 amounts seems an unnecessary complication, in the new Tax Free environment.

I suggest this be abandoned.

**Speedier tax collection, and removal of Contributions Tax from Member Statements**

Presently employers pay super contributions to the fund manager, and the fund manager pays 'contributions tax', once a year to ATO.

Employees become disgruntled seeing Contributions Tax on their Member Statements. (This has been highlighted in the media for ages, even if misguided).

Employees often consider the super/SG as separate to their salary package.

Please consider having employers paying 'Contributions Tax' directly to the ATO together with their normal Tax for wages payments

The ATO does not wait a year for the payments.

The employer pays the balance amount to the fund manager.

The employee sees in their pay-slip 'wages... and tax payable', and 'super payment... and (a greatly reduced) tax payment'.

This highlights the benefit of Super and also links Super as part of the wages and salary structure.

Members would no longer have any Contribution's Tax shown on their Member Statement.

(Clients stated when I have enquired about the feasibility of this arrangement, that it would be simple and merely an additional file in their payroll software.

I trust you agree with these concepts and would be happy to discuss further should you wish.

Thank you.

Yours sincerely

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Managing Director

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