8 August 2006

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

C/o simplersuper@treasury.gov.au

Dear Sir,

Re: A Plan to Simplify and Streamline Superannuation

We are writing in response to Treasury's proposed plan to simplify and streamline superannuation.

First Samuel is a boutique private client wealth management business. Our clients include private clients & their families and charities. The majority of our clients are or aim to be self-funded retirees, choosing superannuation as the primary vehicle for their retirement savings.

By and large, we welcome the proposed superannuation changes as they will simplify what was an increasingly complex environment and make superannuation even more attractive, encouraging people to remain in the workforce longer, to increase the level of retirement savings and to fund their own retirement. The changes, if legislated and maintained, will provide greater certainty to a system which has been fraught with constant change and growing complexity.

Acting as an advocate for our clients, we feel compelled to highlight two of the perhaps unintended but adverse implications of the proposals.

1. Cap on Undeducted Contributions

The cap on undeducted contributions of $150,000 pa per person will punish individuals who had planned to transfer a significant portion of their assets (for example, from the proceeds of downsizing the family home or selling a holiday house) to fund their retirement. Such individuals will now need to stagger their contributions over several years and, in the case of those who will not satisfy the work test for contributions made past the age of 65, will be prevented from transferring these assets to superannuation.

We propose a possible solution to this be modeled on the transitional period for deductible contributions. For example, individuals who are 50+ be allowed to contribute up to $500,000 pa from 1 July 2007 to 30 June 2012 after which time the standard cap of $150,000 pa person applies.

2. Non-Commutable Pensions

Some individuals (including a few of our clients) recently commenced non-commutable pensions (either term allocated pensions (TAPs) or lifetime non-commutable pensions) prior to budget night as a strategy to ensure that their total RBL-assessable benefits were within their pension RBL. With the proposed abolition of RBLs, these individuals will be unfairly trapped in inflexible income streams which were commenced in good faith based on the rules of the time.

We propose that from 1 July 2007, individuals be allowed to commute what were previously non-commutable pensions in order to access a more flexible income stream (such as an allocated pension).

We would appreciate your consideration on the above matters.

Yours faithfully

Anthony Starkins

Chief Executive

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