

Superannuation
Productivity Commission
Locked Bag 2, Collins Street East
Melbourne VIC 8003

Lodged Online: <http://www.pc.gov.au/inquiries/current/superannuation/assessment>

Superannuation: Assessing Competitiveness and Efficiency

Overall impressions

Are you satisfied with how the system has performed for you and do you trust it to deliver you the best outcomes in retirement?

Yes, as a member of an SMSF. However, I note the following that relate to Assessment criteria E2, E8, E10 and C6.

- ~ There are administrative activities that are costly yet add no value to members. For example, professional advisors are often required to provide revised Statements of Advice when they are not needed.
- ~ My professional advisor is highly transparent and provides services for explicit fees. My concern is that many service providers are still using commission-based and asset under management fee models that lack transparency and members are unknowingly not receiving value for money.
- ~ Frequent changes to superannuation legislation (including tax legislation) creates uncertainty, leading to anxiety for members and scepticism about superannuation. This is a factor behind people being reluctant to salary sacrifice and therefore having inadequate retirement incomes. It also discourages investment in illiquid productive assets that have the potential to provide better returns. Any changes to superannuation arrangements must be put through a transparent process grounded firmly in economics (not ideology). Accordingly, I welcome the Productivity Commission's involvement in the process.

How you engage with your superannuation

For SMSF members, what was your main motivation for establishing an SMSF? Do you still retain an account with an institutional fund as well, and if so, why?

The following comments relate to Assessment criteria E1 and E3.

My SMSF allows me to have an investment structure tailored to my needs. An SMSF operated with the assistance of a large and experienced administrator also provides access to a wider range of investments than are usually available to individuals. This access improves my ability to diversify and obtain a good balance between risks and returns.

Yours sincerely

AM Thomson
Director
19 August 2017