

Submission to Productivity Commission Inquiry into the efficiency and competitiveness of Australia's Superannuation system.

We are a retired couple with a Self-Managed Superannuation Fund (SMSF). A SMSF allows us to choose where to invest our funds and have control over the level of risk in investments. We are more comfortable being in control and not worrying about the integrity of commercial fund managers and the 'black box' approach to investment. We also have two children in their 20's who make compulsory contributions to super funds.

Stability of SMSF Rules

Our main concern has been the changes to Government Superannuation policy. During our working lives we have saved for our retirement through state government superannuation schemes, such that we are not dependent on government pensions to meet our living costs. However, there has been a steady stream of amendments to the operation of SMSFs (some with retrospective elements) which have impacted significantly so that we have been disadvantaged by being caught out by following the logic of previous rules, and being unable to fully optimise our funds under new rules. Further, the added complexity of onerous rules means that greater technical knowledge and skills are required so that for most trustees these skills must be sourced and paid for externally. Thus compliance costs of managing a SMSF have risen considerably.

It seems to us that the driver for these compliance changes is lobbying from the 'for-profit' sector. Many of the rules appear to be inefficient when it is possible for us to withdraw all our superannuation funds and manage them outside of Super without any compliance requirements. Perhaps the for-profit sector needs to be fixed before SMSFs are attacked further.

For us a stable policy environment is **very** important as we have no significant opportunities to contribute more to our retirement. We hope for many years of happy and healthy retirement and have tried to build security.

The organisation we have chosen to support us, has exceeded our expectations in offering new products to meet our risk profile, keeping us up-to-date with impacts and trends on markets and providing useful seminars to inform us on changes to the regulations. We are comfortable knowing that this organisation also carries out due diligence on products offered and continues to review their effectiveness. We have access to specialists when we need them, and fees and charges are clearly laid out.

Default insurance requirements

We strongly believe that insurance should be opt-in rather than opt-out. In the case of our daughter, she has intermittent work while completing a doctorate having amassed the sum of about \$600 over 3 years. She was unaware that she could opt-

out of the insurance component that, together with fees, have eroded her contributions.

Yours sincerely

David Hemming and Daphne Delliou