## A.I.R. Branches/Members call to action

# Labor's policy on dividend imputation credits announced 13th March 2018

## A Brutal Tax Grab targeting part and fully self-funded retirees.

Since Labor's policy was announced, A.I.R. representatives have spoken to the Assistant Finance Minister, staff in the Prime Minister's office and media outlets across Australia raising concerns.

This policy will have very serious, profound implications and long term impacts on the income needed to sustain retirees' independent living over a possible 25 to 35 years in retirement.

This policy fails to recognise that tax has already been paid by the companies owned by their shareholders. By not returning imputation credits on dividends, the ATO would be retaining a share of company profits earned by the company owners on lower taxable incomes.

The impact of this, should it begin in July 2019, will be felt by most of the 1.9 million Australians who are currently fully or partly self-funding their own retirement income. This number will grow significantly over the next 20 years.

There are real concerns that it will push more retirees onto the aged pension much earlier than would currently be the case. This would effectively negate the short term revenue gains anticipated from this Labor party policy.

The impact of this policy is shown by a couple who have just retired and are self-funding their retirement from assets of $1 million supporting a pension income stream. Depending on their portfolio they could suddenly lose approximately $7,000 / annum each and every year from their income.

This very significant loss will be compounded even more if this couple need to draw down more from their capital to maintain their retirement income. This capital reduction would then result in less income returns and a cycle of further capital reduction and further reduced income.

When considering this example and how this couple is not far above the asset threshold for the aged pension, it is amazing that it has be claimed that this policy will only impact on a very small number of very wealthy retirees.

This policy is another example on the failure of successive governments and opposition parties to understand and support the principle of fairness and equity for those who through their careful and diligent management can partly or fully self-fund their retirement needs.

Rather than increasing net tax revenue from retirees, A.I.R. recommends that members of Federal parliament stop the ongoing changes to superannuation and retirement savings policy and adopt a broader approach to tax reform by addressing issues such as, the cash economy, income tax deductions and the use of international tax havens.

**Branches/Members call to action:**
You have good understanding of the financial issues and risks you face as a fully or partly self-funded retiree.

**You need to engage with your Federal member of parliament and bring to their attention the concerns described above that A.I.R. has with Labor's announced policy on dividend imputation credits.**

For more information on this or if you wish to discuss this further please contact your Divisional President or Alan Marshall (alan@kairosgroup.com.au, M:0418 910 100) or Robert Curley (curley@wix.com.au, T:02 9541 2317)