Submission to Australian Productivity Commission

Inquiry into

**Superannuation: Assessing Efficiency and Competitiveness.**

**Background:**

I have had a self-managed superannuation fund since 1995, when I took a redundancy package from the Australian Public Service at age 55. Initially I drew a transition pension to supplement my income from part time occupations and from age 65 to supplement my Commonwealth superannuation pension and age pension. I am now aged 77.

In the early years my SMSF income exceeded my drawings but following the global financial crisis my drawings, although kept to a minimum, have exceeded the fund’s income and I have seen the assets steadily reduce.

I use a specialist superannuation fund manager and financial advisor. I have been pleased with the advice given, both in terms of the technicalities of SMSFs, and in financial advice.

**Concerns**

At some stage as my SMSF balance runs down, it will be no longer sensible or efficient to pay the costs of SMSF administration and the technicalities of transferring the balances to some simpler superannuation vehicle may be more than I want to have to deal with in my 80’s.

My SMSF manager has been active in developing a range of investment vehicles to suit the needs of its clients, in addition to investments available from other sources.. By and large I have been pleased with those in-house investments. However, I am aware that there is a conflict of interest between the client and the entities which operate those investments and which are linked with the SMSF manager. The client would like to see such investments managed in a way which will maximise the return to the client, whereas the investment managers may be driven by a desire to grow the funds invested and hence their management fees. The client may not wish to see successive fund raisings which may diminish the client’s equity. Moreover, the client does not have the benefit of independent advice when considering investments recommended by the SMSF manager in which there is a conflict of interest.

Murray Williamson