

Trevor Ivory

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Committee Secretary
Standing Committee on Economics
PO Box 6021
Parliament House
Canberra ACT 2600

Dear Sirs,

FRANKING CREDITS

I am a semi-retired self-employed director and pensioner turning 69yrs later this month. I have a self-managed super fund with a current balance of \$400,000 (annual income \$20,000) that I have gradually doubled the balance following the death of my wife in 2011. I have drawn minimum pensions and spent many hours making some good investment decisions. I run 2 small businesses with \$100,000 of stock and they usually just breakeven but allow me to have some mental stimulation and a reason to get out of bed in the morning. I also have \$700,000 of share investments less \$400,000 of margin loans.

I am a long-term cancer patient that was diagnosed in 2009 but the cancer started to affect my life from the late 1990s. Following several poor income years and after educating my 2 children at a private school my late wife and I moved into a lower rental cost home in Dromana almost 10 years ago. I subsequently applied for a disability benefit and qualified for several years. Several years after my wife died my pension was stopped as my income became too high but was reinstated for 18 months before the new super legislation was passed. As a result, I am a 100% self-funded and not dependent on any govt pensions or concessions.

This year my franking credit refund was \$17,000 from a taxable income of \$37,000, well about my usual \$10,000 refund. This refund helps me to pay my annual rent cost of \$17,000. I need about \$30,000pa to cover all my other day to day costs including medical insurance plus another \$12,000pa to cover my luxuries such as dining out, local and overseas travel.

I have invested in the Australian industry through the local share market and agriculture schemes. I have lost a lot of money in bad investments like timbercorp and great southern forests but assume that if I work hard I can cover my losses.

The franking credits are an important source of income to give me a reasonable retirement. If the franking credits were abolished I would probably join the masses of people who own their own homes to reduce assets and income and to qualify for a government pension. Therefore, in my case the benefit to the government will not equal the loss of my franking credits as further costs of approx. \$15,000 will be incurred by paying me a single pension to me.

I look forward to receiving a genuine hearing and hoping your recommendations allows me to continue reasonably comfortable life in my semi-retirement.

Yours faithfully, Trevor Ivory