

The initial purpose was to penalise the high wealth minority of the country by limiting the refunds.

This included superannuation funds that invested in Australian shares.

Only a relative few super funds had very high balances and were in pension phase. This allowed a fund to recoup all franked dividends.

With the introduction of the \$1.6million pension account cap, any super fund in excess now has a part of the fund back in accumulation. The accumulation account will pay 15% tax on all earnings and dramatically reduce the imputation credits.

With the vast majority of super fund balances well under \$1.6m and the average being about \$200k, the removal of the imputation credits will dramatically cut the ongoing balances of these funds. As the members will have to draw down greater amounts to maintain a level of income, they will qualify for a greater amount of Age Pension. Spending power will diminish and the roll-on effect swells.

There is too much meddling with legislation that surrounds superannuation. This proposal once again attacks ordinary Australians that have worked and saved hard to become less dependant on the already expensive welfare system.