Good morning

I'm sure you are aware that a number of submissions you receive will be pushing plans for SMSF trustees to do education courses, or for SMSFs to be better scrutinised, or other plans which add cost, complexity or discourage people from starting a SMSF.

I'm sure you'll know that the underlying aim from retail and industry funds is to reduce the flow of members from their funds to SMSFs, or to lead outcomes into regulating SMSFs over regulating areas the submitter works in.

My concern though is that its natural for someone who hears the same line over and over again to eventually believe it – we all do this from time to time.

Its an unfortunate problem with our system. Obviously any inquiry such as yours requires input. The catch is that large organisations employ people to be involved in submissions where their goal is not to better the system but rather to either make it easier for themselves or harder for their competitors. They disguise this as cleverly as they can by pushing protecting members, or taxpayers are giving them tax concessions via the super system so we need to protect taxpayers' money.

I've always thought that with the idea of trustee education, why don't they call for education of large super fund trustees, or company directors of listed companies that all funds invest into, or politicians who manage all the tax revenue. Private companies are taxed at 30% compared to 45% as the top marginal tax rate, so why not require these directors to satisfy education requirements before being appointed? The reason is that none of these are taking revenue away from large retail and industry super funds.

From time to time there's a call for a minimum $ value for SMSFs, on the idea that below this level the amount of fees is much higher than industry and retail funds. That is of course correct, though there can be good reasons for having a low balance especially in the first year a fund exists. Conversely though at very high levels of member balances it's a lot cheaper to have a SMSF. To be consistent people calling for a minimum value to be in a SMSF should be calling for a maximum value to not be in a SMSF, or at least a small APRA fund. At every level though industry funds are cheaper than retail ones, so maybe we should expect calls for people to only be in industry funds. We only ever hear the call for a minimum value for a SMSF though as this would reduce the flow of money out of the larger funds.

The Cooper review found SMSFs were generally running really well. It makes little sense to me to add red tape to an area operating so well, when there are others which aren't.

I can appreciate that every system can be better. My own view is that if a system has reached a high level of operating successfully then additional changes should be aimed at high penalties for the few who don't try and follow the rules rather than adding red tape to the very high percentage of people doing the right thing.

thanks

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