



## ASSOCIATION OF INDEPENDENT RETIREES (A.I.R.) LIMITED

ACN 102 164 385

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# IN TOUCH

March 2012

### From the President

Feedback from members on the first issue of the expanded newsletter "In Touch" has been pleasingly positive. This is just as well as the Board has reluctantly decided that, until the financial situation improves at the national level, we just cannot afford to produce a quarterly magazine along lines similar to the "Independent Retiree". In its place we will continue to mail to members, probably at quarterly intervals, a 16 - 20 page newsletter. Even this comes at a cost of around \$8,500 an issue - \$34,000 a year. If there are important/urgent matters which need to be brought to members' attention then special issues of AIR Active will be emailed to branches for dissemination.

Vice President, John Hosking, has assumed the onerous task of preparing "In Touch" for publication and would welcome input and feedback to [jjhosking@bigpond.com](mailto:jjhosking@bigpond.com).

Just before Christmas Dr Barry Ritchie, Deputy President Max Barton and I had an exploratory meeting with Michael O'Neill, CEO of National Seniors Australia. The purpose of the meeting was to see whether or not National Seniors was interested in entering into a joint venture arrangement with A.I.R. specifically to cater for trustees of Self-Managed Super Funds. Mr O'Neill undertook to bring the matter to his next Board meeting and a further meeting is anticipated in March.

The Federal Pre Budget Submission (PBS) was presented to Treasury in January, a copy has been sent to all Branches; more details are contained elsewhere in this newsletter and on

the website. Thanks are due to Robert Curley for preparation of this important document. Branches and members are asked to make contact with their local federal member, present them with a copy of the PBS, and advocate strongly for those recommendations with which they feel comfortable to present a convincing case for their adoption by Government in next year's budget.

The updated website was "switched on" on 1 January thanks to the enormous effort over many weeks by Max Barton and our outsourced provider, CoCoweb. Whilst the website and the database are still "works in progress" initial reports again have been positive. It is intended to let the website bed down for about six months when its functionality will be reviewed for possible updates.

In January, Richard Gould and I met with the Minister for Mental Health and Ageing, the Hon Mark Butler MP, in Sydney to present A.I.R.'s concerns on some aspects of the Productivity Commission Report on Caring for Older Australians. These too are detailed on the website.

On 9 February, Richard Gould and I attended the National Aged Care Alliance (NACA) Blueprint Launch in Parliament House Canberra. We were able to meet the Chair and a member of the Parliamentary Friends of Seniors Group, Jill Hall, Federal MP for Shortland NSW and Steve Irons, Federal MP for Swan WA.

Additionally, after the Launch, Richard had another meeting with Mark Butler and also with Senator Rachael Siewert, the Greens

spokesperson on Ageing. I wrote to the Shadow Minister for Health and Ageing, the Hon Peter Dutton MP, seeking a meeting to discuss the concerns we have put to Minister Butler. Mr Dutton has referred our request to Senator Concetta Fierraventi-Wells, the Shadow Minister for Ageing – I am waiting for her response.

I have joined the Age Well Campaign, full details of which can be found on their website [www.agewellcampaign.com.au](http://www.agewellcampaign.com.au).

Please consider joining the Campaign.

The Minister for Financial Services and Superannuation, the Hon Bill Shorten MP has established a Superannuation Roundtable to consider ideas raised at the Tax Summit held in October last year at which Dr Barry Ritchie was a participant. I have written to the Minister asking for Barry to be included in the list of participants as we believe we can add significantly to the discussions - I am waiting for a reply.

I have written to all Branch Presidents advising them that we are facing a substantial loss on the Club Lifestyle Program due to the limited take-up of the Rewards Card. At a personal level I have already recouped my initial \$50 outlay and anticipate I will save several hundred dollars over the next few months. Please take time to read the enclosed Club Lifestyle information and join the program.

Membership Fees for the next financial year have been set by the Board. They are \$36 for a single membership and \$52 for a couple. This is an increase of one dollar per person and is the first since 2008. The Board has agreed that the whole \$1 increase should be added to the Affiliation Fees presently paid to the National account. With a current membership of around 9,000 this will increase the national income by a similar \$ amount.

We will shortly be announcing a new member benefit. Arrangements are in hand to provide a Private Health Insurance policy specifically tailored to meet the needs of older Australians e.g. there will be no cover for IVF

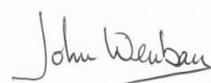
treatment, pregnancy or infertility investigations. But knee and hip replacements, heart surgery, cataracts, colonoscopies etc. will be covered. More details in the next few weeks when premiums post 1 April have been approved by Government.

The structure of the Association has served us well over the past twenty plus years. However, will it continue to do so for the next two, five or ten years? There can be no progress without change. Your directors have recognised this and have commenced a wide ranging review of the organisation. The average age of our membership is increasing whilst our income at the national level is decreasing. This has to be addressed – to not do so would be an abrogation of our collective responsibilities. Preliminary consideration of possible changes will be the focus of the next Board meeting at the end of March. I will keep you informed as we work our way forward.

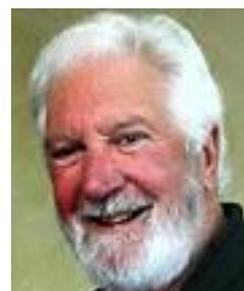
Congratulations to all those members who were recognised either locally or nationally in the Australia Day Honours lists.

And finally:

A primal termite knocked on wood  
And tasted it, and found it good.  
And that is why your cousin May  
Fell through the parlour floor today!  
(Ogden Nash)



John Wenban



## Federal 2012-13 Pre-Budget Submission

The recent A.I.R submission addressed Financial, Health and Aged Care issues and included the following recommendations.

### **Financial**

- That a clear distinction should be drawn between the accumulation component of superannuation and the drawdown component, which should be defined to commence upon retirement.
- That all retirees, no matter whether they accumulated their retirement assets within superannuation or outside superannuation, should have access to a specified tax-free component of their assets after retirement for their day to day living expenses, at least to the same extent as applies for those with superannuation.
- That, if it is necessary to commence a superannuation fund to access the tax-free income stream component, the sale of assets to be transferred should be exempt from capital gains tax.
- That retirees 65 years and over should be able to set up a new superannuation account and that the Government's "work test" should be abolished in the 2012-13 Budget as it is both discriminatory and unnecessarily restrictive to this group of Australians.
- That with the continuing negative impact of Global Financial Crises on self-funded retirees' already depleted superannuation investment balances (from which living expenses are derived) the Government revert to the previous 50% discount to the mandatory draw down rate in the 2012-13 budget and that the drawdown phase of superannuation be reviewed in the budget period as to its value, cost-benefit, and discriminatory nature.
- The ex-Commonwealth Government employee pension and the Defence Forces retiree pension indexing methods are different when compared to the Aged Pension indexing method and thus discriminates against these groups of retirees. This should be changed to use the

same indexing method as that used for Aged Pensioners.

### **Health Care**

- A.I.R supports the adoption by the Government of the recommendations contained in the Consumers Health Forum of Australia (CHF) submission that was submitted to the Treasurer and the Department of Treasury Budget Policy Division in November 2011.
- The PBS Safety Net thresholds for single retirees should be set at 60% of the couples/families threshold level. Single and widowed retirees are discriminated against with the current threshold level of the Medicare and PBS Safety Net and A.I.R. recommends that this change should be included in the 2012-13 Budget.
- The Commonwealth Seniors Health Card (CSHC) upper threshold needs to be indexed using the same calculation method and timetable as used for the Age Pension.
- That hearing testing costs and the costs of hearing aids to all CSHC holders and to all retirees over 75 years be subsidised so they are the same cost as for aged pensioners.

### **Aged Care**

Despite the long term initiative undertaken by the Federal Government in regard to improvements in Aged Care there remains a current need to address in the 2012-13 Budget a significant increase in services and funding for:

- Aged care provided in private homes, community care and residential care facilities to ensure affordable, client directed appropriate quality care and accommodation.
- Enabling the Aged Care Industry to compete with the acute care sector in the employment and training of adequate and suitable staff.
- The Aged Care Industry to provide improved information, education and awareness programs to assist with the transition process from home care to

residential care, and across the aged care industry generally. In this regard A.I.R. supports the establishment of the Australian Seniors Gateway Agency as proposed by the Productivity Commission.

- Mental health care and dementia care to improve services for people with dementia and their carers, increased research into dementia so as to reduce the number of people with dementia, develop a nationwide dementia workforce strategy and promote greater understanding of dementia in the community.
- Carer support infrastructure and support services that are urgently in need of additional funding and upgrading.

The full paper is on the A.I.R. website [www.independentretirees.com](http://www.independentretirees.com) in the Members' Section, Members Menu, A.I.R. Advocacy, and Federal Government file: [prebudgetsubmission2012-13jan2012final.pdf](#)

### **Division 2012-13 State Pre-Budget Submissions**

#### **New South Wales**

The NSW Division submission, which was submitted in December 2011, included the following recommendations which were a selection from the many issue papers from NSW members and Branches:

- The Fire Service Levy and State Emergency Services Levy on home insurers be abolished and that the Fire Service Levy to be collected by a property based levy; Concessions be provided for holders of Health Care Cards, Department of Veterans Affairs Gold Card holders, Pensioner Concession Card holders and holders of Commonwealth Seniors Health Cards; and The levy on motor vehicles to be continued unchanged from the current practice.
- Financial relief be given to low and fixed income older people to offset electricity price rises that were applied from the 1 July 2011 in NSW which average 17.3%, thus increasing bills by \$216 to \$316 per year; Holders of the Commonwealth

Seniors Health Card to be included in the Low Income Household rebate scheme; and Introduce a heating/cooling concession for the colder/hotter parts of NSW during winter/summer months.

- That the NSW Government review and introduce a formula for calculating an annual increase in the rebate currently paid to full and part pensioners in the form of an allowance on their annual council rates.
- That the duration of Daylight Saving in NSW be reduced from the present six (6) months to four (4) months.
- That the Government policy be relaxed to allow a greater spread of accredited driving instructors in rural and regional areas to facilitate reasonable access to drivers who need the one hour refresher course prior to undertaking their mandatory driving test at age 85 years.
- Exempt residential property purchased by a Self-Managed Superannuation Fund for rental from purchase stamp duty if its valuation is lower than the present land tax limit of \$401K.

#### **Queensland**

The Queensland Division submission included the following recommendations:

- The Queensland State Government Patient Travel Subsidy Scheme be amended to increase the subsidies payable under the scheme to reflect increased costs and travel distances patients now face under the Government's policy of centralisation of specialist health care services, particularly in regional Queensland.
- The Queensland Government introduce an exemption from stamp duty for people over 65 who are downsizing accommodation for health, financial hardship or other reasons similar to the scheme operated by the New South Wales State Government.
- The State Government lower the age for eligibility of the Queensland Seniors Card from 65 years to 60 years, making the eligibility consistent with the current

conditions applying in all other states of Australia.

- The State Government Pensioner Rate Subsidy Scheme be expanded to include holders of the Commonwealth Seniors Health Card.
- The Queensland State Government support and make representations to the Federal Government for the establishment of a National Natural Disaster Fund to provide relief to private citizens affected by natural disasters.

### **South Australia**

The South Australian Division requested that stamp duty be abolished or substantially reduced on the purchase of a replacement residence by a retiree of pensionable age who has sold the original residence for the purpose of downsizing their residential requirements to suit their current needs.

### **Southern Cross Victorian**

The submission sought a range of benefits for all Pensioner Concession Card holders, Low Income Health Care Card holders and those Commonwealth Seniors Health Card holders whose single income is less than 65% of the Male Total Average Weekly Earnings (MTAWE) and for couples with a combined average weekly income less than the MTAWE.

The submission recommended that the concessions listed below should be available to all the above categories:

- Concessions for municipal rates and water and sewerage charges be maintained at a 50% discount to a maximum of \$500.00 per annum.
- Concessions in relation to Motor Registration and the Transport Accident Commission.
- Use of the Victorian Patient Transport Assistance Scheme be free of charge, that the travel subsidy be increased to the rate as used by the Australian Tax Office and that the accommodation subsidy should be increased to \$70.00.
- The energy subsidy.

- If Local Government is chosen to manage the Fire Services Levy, then the Municipalities should be fairly compensated for the additional cost involved.

The submission also sought that additional funding be made available to U3A in order to increase its ability to widen participation rates of older Victorians, particularly those in country Victoria, and that funds be made available to increase computer access and training for older people.

### **Tasmania**

The Tasmanian Division Executive has not submitted a 2012-13 Pre-Budget Submission. It was concluded that as the previous pre-budget submissions have not enjoyed any success and as the financial state of the Tasmanian Government is poor then the limited Division resources should encourage Tasmanian members and Branches to concentrate on the next pre-election submission.

There is a significant opportunity for retirees to influence the make-up of the next Tasmanian Parliament particularly as the Tasmanian House of Assembly uses the proportional Hare-Clark system to elect the 25 members in the five constituencies and as there are a high proportion of over 65 voters.

As the Immediate Past Division President, Dick James says "We seek recognition for those who have spent their working lives building the society we now enjoy and we should be duly recognised with financial and social support. This involves the government putting in place a series of positives to allow the elderly to be more active in maintaining their physical, mental and social well-being".

### **Victoria**

The Victorian Division submission included the recommendations:

- That Seniors be given greater opportunities to learn and/or upgrade their computer skills and a more equitable means of disseminating information be continued.

- That funding for research into understanding and finding a cure for Dementia and Alzheimer's diseases be increased.
- That Home and Community Care (HACC) availability and funding be increased.
- That current and effective information on nutrition and physical activity specifically targeted for seniors be made more readily available through the media.
- That an alternative less risky form of investment such as State Government Guaranteed Infrastructure Bonds be implemented.

### **Western Australia**

The submission requested that retirees who have reached pensionable age and are holders of a Pension Concession Card or a Commonwealth Seniors Health Card be exempt from Stamp Duty on a property transfer when downsizing their homes. It is suggested that the exemption threshold is indexed to the median house or unit price of the municipality in which the house is situated.

The establishment of an appropriate Proof of Identity Card for Seniors is also included in the submission.

### **Taxation of Retirement Income –The Case for Review – What do you think?**

Dr Barry Ritchie, chairman of one of the A.I.R. Special Interest Groups, the Retirement Incomes Research Group (RIRG), has proposed in a paper in the RIRG area of the Members' Section of the A.I.R. website the case for a review of the taxation of the use of savings in retirement. The paper's file name is 2012\_feb\_rirg\_discussion\_paper.pdf.

The need for a review was raised in A.I.R.'s recent Federal Pre-Budget Submission.

A myriad of Inquiries and legislative changes accompanied election of the Labor Government in 2009. A.I.R. submissions on tax to the Henry Review and on inefficiencies in superannuation to the Cooper Review culminated in a presentation by Dr Ritchie to

the Tax Summit in October 2011 supporting review of the tax treatment of retirement income.

Costs have increased for A.I.R. members and income from superannuation and investments has decreased.

Dr Ritchie states "It is fair to say that non-wealthy middle-class retirees dependent mainly on their own assets to maintain their lifestyle have suffered the greatest degree of discrimination - most have heavily reduced assets and most continue to pay tax, receive no carbon tax subsidy, the upper threshold which determines eligibility for Commonwealth Seniors Health Card has not been adjusted for 10 years, and they are under pressure from increased health costs and aged care accommodation costs including loss of all or part of their family home assets.

The Federal Government has stated that its preference is for the Superannuation Guarantee (compulsory) System to be the preferred form of saving for retirement. Taxes on earnings accumulated in superannuation are reduced in return for not accessing funds until retirement. Tax exemption on pensions and earnings on the assets supporting pensions is offered in return for accepting regulation of drawdown of superannuation funds after retirement.

However, self-funded retirees have traditionally accepted the onus of building their retirement assets without the need for compulsion:

- If they have built up their retirement assets outside the superannuation system why should they be discriminated against by paying full marginal tax rates during accumulation and drawdown of their assets?
- Why should there be tax relief on superannuation assets when there is none for self-funded retirees other assets?
- Why should the 20% or so of the community who cannot access superannuation because they are small business owners or farmers be

discriminated against when they are key drivers of the Australian economy?

- Why should those in the community who choose to invest in residential or small commercial and industrial property be discriminated against, when they cannot do so in superannuation?
- And in particular, why should those who choose to draw down their superannuation in retirement within the superannuation system pay no tax on the drawdown when those outside the system pay full marginal tax rates?”

Dr Ritchie proposes that “There are clearly better ways of providing the incentive for retirees to use their savings wisely. One example would be to imagine a case where all superannuation regulation on the use of retirement savings is removed and the funds become the responsibility of individuals upon retirement. To provide the existing superannuation tax exemption on pensions, a tax-free threshold is provided for all retirees, irrespective of how they generated their savings. The consequences of this model would be:

- All retirees could earn up to the tax-free threshold without paying tax; above this level they would pay tax at the marginal tax rate on the taxable income less the tax-free threshold.
- All earnings from part time or full time work would be tax free up to the tax-free threshold and above this taxed at the marginal tax rate corresponding to the taxable income less the tax-free threshold. This would encourage retirees to undertake part time or full time work.
- All existing superannuation regulations applying to retirees would be removed.
- The incentive to carefully manage savings in retirement would be improved significantly from that which presently exists in superannuation.
- An individual would not need to maintain a self-managed superannuation fund after retirement and all audit and accounting costs would be removed.

- Superannuation and other financial entities would have the incentive to develop retirement investment plans for retirees competitively to retain members’ funds.

Members are requested to send comments and queries, including other possible proposals, to Dr Ritchie at [britch1@bigpond.net.au](mailto:britch1@bigpond.net.au) by 30 April. These contributions will be summarised and advised to members of the RIRG for further discussion. This is a key issue for the next Federal Government election.

### **Congratulations 100 years**

The Noosa Branch recently presented their oldest member, 100 year old George Butenshaw, with Honorary Branch Membership at a meeting of Noosa’s Investment Discussion Group.



George is fifth from the left in the front row.

### Meeting with the Minister for Mental Health and Ageing

A.I.R. representatives Richard Gould and the National President, John Wenban, met with the Hon Mark Butler MP and his Chief of Staff in Sydney on 23 January. They raised A.I.R.'s major concerns with the Recommendations of the Productivity Commission Report – Caring for Older Australians. These concerns were addressed in a letter to the Minister in October 2011 and again in further correspondence to his office in December with an additional dot-point summary being provided in January. These discussions lasted some 45 minutes. Whilst the Minister was clearly well aware of two of our concerns – Fees and Charges and the proposed Means Test – he had not had represented to him in his community conversations the third of our concerns. This refers to Aged Care costs being excluded from the net medical expense offset. Richard told the Minister that, for a retiree who depends on his/her income to meet such costs the withdrawal of the offset tax may require the selling of existing assets which could incur additional taxation costs. The Minister agreed to have a look at the problem.



L to R: Richard Gould, Hon Mark Butler MP, John Wenban

Congratulations were extended to the Minister on his elevation to the Inner Cabinet, it being seen as recognition by Government of the growing importance of his portfolio.

### Progress with A.I.R's Aged Care Agenda

In my note of 6 February, which was sent to all Branches by the Secretariat on 7 February, I provided an update on progress with A.I.R's Aged Care agenda. In the note I referred to the meeting which Richard Gould and I had with the Minister for Mental Health and Ageing, the Hon Mark Butler on 23 January and highlighted the matters around which we are seeking additional information. As at now we still await that information as part of our pursuing a fair and reasonable outcome for our members in terms of likely increases in fees and charges as part of aged care reform.

In particular we pursued the following matters which had been raised in our earlier submissions.

- What level of fees and charges are being proposed, and how will they compare with fees and charges currently being levied for the same or similar services? We indicated the positives for consumers of the co-contribution cap and stop loss limit proposals recommended by the Productivity Commission.
- The need for more specific information on the details of any proposed means test, what protections would be provided for individuals and couples who may need to utilise their family home to provide funds to meet fees and charges, and what impact these may have on our members and consumers generally. In this regard A.I.R. stresses the importance of safeguards for protected persons and preferential interest rates along the lines proposed in the Commission's Report based on CPI equivalent rates and, importantly, preservation of maximum equity in an individual's share of the family home. Without committing ourselves to any specific proposal, of the options discussed in the Productivity Commission Report our strong preference is that a minimum of 60% of a person's equity should be retained - i.e. when 40% of his/her equity has been used up no further draw down should occur.

We continued to stress our opposition to the proposal in the Productivity Commission Report that the tax offset for residential aged care costs be deleted because of the proposed stop loss provision.

### **NACA Campaign and Blueprint for Aged Care Reform**

Richard and I attended the successful Launch of the National Aged Care Alliance “Australians Deserve to Age Well Campaign” and the NACA Blueprint for Aged Care Reform in Parliament House on 9 February.

The 17 page Blueprint which can be accessed on [www.agewellcampaign.com.au](http://www.agewellcampaign.com.au) summarises a comprehensive range of much needed reforms and improvements to the aged care system being sought from the Government by the Alliance. Whilst our Association continues to focus very firmly on pursuing a fair and reasonable outcome for our members in terms of likely increases in fees and charges for aged care services, it is important we keep in mind that A.I.R. is now part of the National Aged Care Alliance (NACA) and the major campaign to substantially upgrade and improve aged care services and I believe we can be well proud of this involvement. Members are encouraged to join the Campaign by accessing the above website.

The National Aged Care Alliance Blueprint summarises what its members are seeking from the Federal Government to substantially improve aged care services. Whilst the Blueprint sets out a range of reforms sought from Government, A.I.R. has pursued the approach that, in relation to issues around fees and charges, the means test and cost related issues generally, (which are primarily covered on pages 5 and in Section 3.3 of the Blueprint,) we, and indeed all NACA members, reserve the right not to endorse any specific proposals until we have seen the details and can assess them as being fair and reasonable for our members. This proviso is covered in the footnote at the bottom of page 12 of the Blueprint.

Our Association will continue to advocate the points raised in our submission and representations to the Federal Minister for Mental Health and Ageing, the Hon Mark Butler MP, on fees and charges, any proposed means test and associated matters. We continue to stress at every opportunity the need for details of the Government’s proposals in relation to a number of matters to allow our Association to make meaningful assessments re their likely impact on our members. More recently we wrote to the Shadow Minister for Health and our submission has in turn been forwarded to the Shadow Minister for Mental Health and Ageing Senator Concetta Fierravanti-Wells with whom we are seeking a meeting.

Further details of the Age Well Campaign and our Association’s work on this project can be found on our Association’s website: [www.independentretirees.com](http://www.independentretirees.com)

John Wenban (President)

### **Special Discount for Lifestyle Cards**

The Board recently decided to offer the Lifestyle Card to Branches at \$35 each if the Branch and its members buy 10 Lifestyle Cards by 31 March. Details of this offer were recently sent to Branch Presidents. Please let your Branch Treasurer know if you would like to purchase one or more discounted Lifestyle Cards.

Cards may be purchased for family members and/or friends.

## **Member Services Improvements**

Most members will have visited the new A.I.R. Joomla website. It replaced the old website on the 1 January 2012. It has a number of innovative features not previously available:

- A sight impaired facility to enlarge the text and other details for vision impaired members.
- Expanded menus allowing visitors to the site to gain an insight into A.I.R. activities.
- A Super Deals section offering members special discounts and services.
- Direct email contact to key national officers.
- A *Have your Say* facility to record your comments and views onto the 'Chatter Matters' page.
- A real time auto update outlining *Latest Additions* and *Most Read* articles.
- Real time access to selected information directly from MySQL database.

Access to information contained on the website is provided over 3 levels:

Level 1 - Open public access

Level 2 - Members only access

Level 3 - National Board members only access

As from November 2011 Board minutes are now available on the website. Occasionally and where necessary commercial-in-confidence and sensitive material will be excluded. Provision of the actual Board minutes replaces the previous practice of providing a précis report of Board meetings.

With the new website comes an integrated link to the MySQL database introduced on the 14 June 2011. Integration of the two programs required some changes to MySQL that will not be apparent to members. However the opportunity was also taken to update and refine the operation of MySQL to incorporate changes discussed at the November AGM. The Branch Membership Officers (BMOs) will notice the change in format and details in some data fields. Changes involved the deletion of two data fields, additional drop down select boxes,

auto filling of some data fields and additional data entry notes.

During the past 10 weeks I have been performing the coordination and development duties normally performed by the Registrar and Webmaster. This was a temporary role that will cease now the integration and improvements to both Joomla and MySQL are complete. As from 1 March Eddie Childs (Registrar) and John Goldrich (Substitute Registrar) will take over the full responsibility for MySQL database. The roles of Webmaster and Substitute Webmaster need to be similarly filled. Computer savvy members with an interest in expanding their knowledge of open systems are needed to join the services IT team.



More 'over the horizon' improvements to services to assist and reduce branch officers' workloads are planned. Because many of the best ideas lie within the minds of individual members your input is vital to bringing beneficial change to our organisation.

*Max Barton (National Deputy President)*

### **Have you seen this message?**

What is the difference between http and https?

If you use the internet for financial transfers or credit card transactions then you need to know the difference. The main difference between <http://> and <https://> is security. If a website ever asks you to enter your credit card information, you should automatically look to see if the web address begins with <https://>. A secure payment site should have a picture of a closed padlock somewhere on the page. An open padlock means a webpage is not secure. You should never enter sensitive information such as a credit card number if the page is not secure.

### **A.I.R. Special Interest Groups**

A.I.R. is fortunate to have several 'Special Interest Groups' who provide and share information relevant to their special interests. Information is exchanged by email. Members are encouraged to register for one or more of these groups by informing their Branch Membership Officer and ensuring the Branch Membership Officer has their current email address. There will be full compliance with all privacy requirements for members as the groups will only have access to names and email addresses. If you wish to receive emails from any of these groups, please advise your Branch Membership Officer.

#### **Baby Boomers Group**

The Group Coordinator of the newly created Baby Boomers Group, Ken McKay, has announced the official launch of the special interest group. National President John Wenban advised all Branch Presidents of the formation of the group in an email advice on 7 February 2012.

The concept of forming a group to better service the needs of our younger members was first raised by Ken in an article in the 'Independent Retiree' magazine, entitled "A Simple Plan To Implement A Baby Boomer Group Within A.I.R." The Board considered the issue and formally endorsed the proposal at the September 2010 Board meeting.

Ken has since worked with a small team of Sue Shea from Tasmania and Peter Cole from Victoria to determine the best way to action the plan, and we have now reached the point when A.I.R. members are being offered the opportunity to join the new group.

The Baby Boomers Group is being established to provide an additional flow of information to our younger members, and those considering joining A.I.R. The objective of the team is to demonstrate the relevance of our organisation to the baby boomer generation – though any member is welcome to receive the information the Group provides.

The team will regularly source items of interest from the public domain and email it directly to members who have elected to receive the information. The "Baby Boomer Bulletins" will focus on retirement planning, superannuation, lifestyle and health issues. Each copy of the bulletins will be posted on the A.I.R. website for the information of all members.

Finally, Ken cautions about putting too much expectation on this new group. It is but a small step in our efforts to recruit, and retain, younger retirees to our organisation. Baby Boomer Bulletin No 1 will be emailed on 1 March 2012.

#### **Retirement Incomes Research Group (RIRG)**

Dr Barry Ritchie, Coordinator of the RIRG has provided the following information. A Superannuation Roundtable has been established by the Federal Government to consider issues raised at the Tax Forum. Two priority issues are: administrative costs with the new higher concessional contributions cap for individuals aged 50 and over who have less than \$500,000 in superannuation, and financial options in the drawdown phase, like annuities and deferred annuities. A.I.R. although not one of the 17 nominated members has sought membership of the group. The Roundtable is to complete its work by 31 December 2012.

#### **410 Visa Advocacy Group**

Early in 2011 the 410 Visa Advocacy Group was formally established in Western Australia, with a representative appointed from those Branches which have 410 Visa Holders as members. The Western Australian Division had developed a Policy Document under which the 410 Visa Advocacy Group operates. This Policy is now being developed nationally. The Group, following on from previous successes over 11 years with changes to visa conditions, continues to pursue the ultimate aim of Permanent Residency, as well as seeking changes to Reciprocal Health Care Agreements, from which members, arriving after 1998, are unfairly excluded, as well as

being denied access to Medicare. The cost of compulsory Overseas Visitors Private Health Insurance for members who are, in fact, permanently resident in Australia is also being challenged.

The Group is now in the process of inviting the participation of Representatives from other Branches throughout Australia to provide coordinated advocacy on behalf of those members who are 410 Visa Holders. So far NSW Division has come on board, as well as two Branches in Queensland. We look forward to the participation of other Divisions with 410 Visa Holders in their midst.

The Group is included in the new Company website and will shortly have access for members in a unique area within the email function. For convenience and speed, communication will ordinarily be by email, unless circumstances dictate otherwise. Peter Kerr of Perth Southern Districts Branch is the current Coordinator and leads the Group in advocacy with Federal and State politicians. He can be contacted at:

[peter.kerr2@bigpond.com](mailto:peter.kerr2@bigpond.com)

### **Self-Managed Super Fund (SMSF) Group**

This Group, with Bill Chidzey as Coordinator, has recently made a submission on the draft ruling (TR 2011/D3) to the Australian Taxation Office on behalf A.I.R. The draft ruling proposes a definition of when a superannuation income stream commences and ceases. The ruling is an attempt to clarify issues arising from consideration of the interaction between the Superannuation Industry Supervision Act and various Income Tax Assessment Regulations. These definitions are crucial to proper management of superannuation funds when termination of an income stream from an account-based pension occurs and is therefore of great interest to members of A.I.R., most of whom are in receipt of some type of self-funded income stream and have to make choices as to how to invest their life's savings to best effect. One important choice the current system provides is between SMSFs and large public funds. The Association believes that

the proposed ruling discriminates between these types of funds and this was never the intent of Government when this system was devised and since modified.

The objective of most A.I.R. members with income streams is to maximise the period the income stream derived from their assets lasts, thereby postponing for as long as possible (hopefully until death) dependence on direct Government welfare. The harsh nature of this proposed ruling, particularly for SMSFs and with respect to the proposed tax treatment of distributions upon the death of a member, will probably result in deliberate early termination of income streams, which is extremely regressive and inequitable.

A.I.R. believes that, all of the prior argument notwithstanding, there is no logical justification for the key conclusion. It seems to be drawn without reasonable consideration of the effects of its application, the considerable increase in complexity of superannuation rules, the fact that it can be readily circumvented in many cases, and the disproportionate effect on SMSF members and their dependents compared with large superannuation funds.

The full submissions and numerous other papers and submissions including the 'Compliance Checklist for Taxation of Self-Managed Superannuation Funds (SMSFs)' can be found in the Members' section of the A.I.R. website. An A.I.R. member in consultation with others in the Group and his Branch has written to various MPs with a detailed complaint regarding the requirement for funds in the pension phase to be audited. The SMSF Group is also currently working on a number of new initiatives including preparation for the next A.I.R./ATO meeting scheduled for 5 March 2012, devising a set of standard forms for the use of trustees in the administration of their fund, the possibility of the development of a standard trust deed and ways of increasing the influence of A.I.R. on Governmental decision making with respect to SMSFs.

### **Money Information**

The Moneysmart website:

<https://www.moneysmart.gov.au/> of the Australian Government's ASIC (Australian Securities and Investments Commission) is a source of valuable information on managing your money, borrowing and credit, superannuation and retirement, investing, scams and tools and resources.

### **GST and Accommodation Bonds**

The website:

<http://www.ato.gov.au/content/00305398.htm> gives details of a recent Australian Taxation Office determination dealing with GST on accommodation bonds in nursing homes and aged care hostels.

### **Parliamentary Friends of Seniors and Ageing Group**

This group is one of the Federal Parliamentary Friends Groups. The Chair is Jill Hall MP, the Member for Shortland. The Member for Shortland and Steve Irons MP, the Member for Swan formed the bipartisan group in 2011 as a response to Australia's ageing population and the challenges that this has brought to the nation. This group aims to raise awareness of issues relevant to seniors and older Australians whilst at the same time considering the impact of an ageing population and developing strategies for the future. Several WA members have met with Group members Steve Irons and Ken Wyatt MP, the Member for Hasluck to discuss issues of concern to A.I.R. members.

### **Branch Newsletter Competition**

The Annual Branch Newsletter Competition is being reviewed. Branch newsletters are a critical information source for members. There have often been few entries in the competition. Questions have been raised whether it should continue. It has also been suggested that gold, silver and bronze awards be given in place of a competition. Copies of the selection criteria and points required for the criteria are available from the Vice President John Hosking. Comments should be emailed by 30 April to John at: [vicepresident@independentretirees.com](mailto:vicepresident@independentretirees.com)

### **Consumers Health Forum of Australia**

The Consumers Health Forum of Australia (CHF) is the peak organisation providing leadership in representing the interests of Australian healthcare consumers. CHF works to achieve safe, good quality, timely healthcare for all Australians supported by the best health information and systems the country can afford. It also supports the appointment of consumer representatives to national health-related committees.

A.I.R. is a member of CHF through the NSW Division and the NSW Division's Aged and Health Care committee; Richard Gould is the Chairman of this Division committee. This committee reports to the Board through NSW Director Robert Curley. A.I.R. members are fortunate to have this committee advocating and researching health care related issues on their behalf.

Recently Reg Ryan from the NSW Division's Aged and Health Care committee participated in the consumer workshop on eHealth and the challenges of the Governments Personally Controlled Electronic Health Record proposal.

The CHF website is <https://www.chf.org.au>

## **Testament to the Folly of Do-It-Yourself Bequests**

Like any legal instrument, a will is only as good as the person drafting it.

“Make a will” campaigns have done a great job of raising awareness about the important issue. But what kind of wills has resulted?

As a wills and estate planning lawyer, I spend more time than I should dealing with the unintended consequences of badly drafted do-it-yourself wills.

Bought for as little as \$40 from a newsagent, 20 minutes spent sometimes quite carelessly completing the legal-looking document, presented on sturdy parchment with elegant calligraphic heading, and people assume they have a sound and robust legal instrument in place.

In many cases, sadly, they have the exact opposite.

The soundness of a will has little to do with the quality of the paper on which it is written or the elegance of its calligraphic heading.

There is nothing wrong with a homemade will for a very simple estate. But I’ve had too many otherwise well-adjusted individuals in my office passionately cursing their old man after his death, to realise that most do-it-yourself wills – crudely contemplated or poorly drafted – create a turmoil and expense that is vastly disproportionate to the relatively small cost of having a will properly drafted in the first place.

DIY wills are often not properly witnessed, have scratchings and amendments in various coloured inks sometimes made soon after death or have other small but critical details missing. I’ve seen coffee mug stains, incomplete notes contemplating who might inherit the Norman Lindsay etchings and, once, doodles and faces drawn in the margin.

When an estate goes through probate, legal costs in addressing these problems to the satisfaction of the Supreme Court Probate

Registry quickly mount beyond any savings that may be made by DIY wills.

Homemade will writers sometimes try to emulate what they think a will ought to sound like, using legalese that creates terrible ambiguities.

These ambiguities usually escalate tensions dramatically and cause dispute between beneficiaries about what the will actually means.

If such disputes can’t be negotiated, the only option is litigation. This almost always comes at an emotional and financial cost. In such cases the court can be invited to determine what the will actually means and its findings rarely satisfy everyone.

Another common failing of wills is that they often don’t appoint the right executor or don’t deal with all of a person’s estate.

If there are assets that need to be dealt with by a court, the cost to the estate can be considerable. A surprising number of people are unaware that the assets held in their self-managed super fund are not subject to their will.

Instead, the trust deed of the SMSF deals with the assets held in the fund.

An example of how things can go wrong is in a blended family situation where a man leaves everything in his will to his second wife and leaves everything in his SMSF to his children from a previous relationship.

If the trustee of the SMSF is his second wife, without a binding nomination she may decide to direct the SMSF assets to herself or the estate of which she is the sole beneficiary. A binding nomination can prevent this happening, but few investors are aware of its importance.

Assets held in discretionary and other trusts are not covered by a will. No will, DIY or otherwise, will suffice unless drafted to deal with such issues.

Our social reality of de facto relationships, increasing divorce, blended families and

higher property values has its consequences for estate planning, making it not only more involved but also more dynamic.

The days when mum and dad could draw up their wills and consign them to the bottom drawer of their filing cabinet for the next 20 years are long since over.

The blended family scenario greatly expands the range of people who may feel some sense of entitlement when a person dies and who may well step forward to challenge a will.

And as estates increase in size, so does the likelihood of a contest. An estate worth \$1 million or more is a ripe target for disappointed beneficiaries, and that amount is nowadays not at all unusual to leave behind.

All of this underlines the critical importance of three things.

First, have a will that is well considered and properly drafted so that not only are the writer's intentions clear but they are presented in such a way that discourages a challenge.

Second, have in place whatever additional legal instruments are required to manage assets outside the estate, such as a trust deed or a SMSF.

Third, with the constantly changing landscape, review one's estate plan regularly – I recommend every 18 months – to ensure that it is still relevant and comprehensive.

Reproduced from an article in *The Australian* with the permission of the author, Morgan Solomon, who is a director of Perth law firm, Bowen Buchbinder Vilensky.

### **[International Federation on Ageing \(IFA\)](#)**

A.I.R. was invited to participate in a meeting organised by IFA to discuss 'Are Rights of Older People being protected in Australia' and 'Strengthening of the human rights and respect of older people, the United Nations General Assembly resolution 65/182'.

A.I.R. NSW Division President Robert Curley represented A.I.R. and the National A.I.R. President John Wenban at the meeting with representatives of other organisations.

IFA is an international non-government organisation with membership from non-government organisations, the corporate sector, academia, government and individuals. It believes in generating positive changes for older people throughout the world by stimulating, analysing and disseminating information on rights, policies and practise the improves the quality of life for people as they age. More information is available on their website:

<http://www.ifa-fiv.org>

### **[Senior Australian of the Year 2012](#)**

In the nine decades since her birth on the island of Murrungga, Laurie Baymarrwangga has seen the arrival of missionaries, exploitation by Japanese and European fishermen, war and tumultuous change. Undaunted, she has almost single-handedly nurtured the inter-generational transmission of local ecological knowledge through a lifelong commitment to caring for kin, culture and country. Read more about her life and contributions to the community on the website:

<http://www.australianoftheyear.org.au/recipes/?m=laurie-baymarrwangga-2012>

## **Planning Ahead**

Ozcare is a leading not-for-profit organisation providing a wide range of quality health and human services across Queensland. It has recently published a list of questions which should be asked by everyone of retiring age whether they are still healthy or have started experiencing problems as they get older.

Family members should be involved in discussions on the following:

### **HOME AUDIT QUESTIONS**

#### **Where do I want to live?**

For example, where I am now, in a smaller home, retirement village or serviced apartment. If I stay at home what needs to change? For example, think about how the property will be maintained, how could it be made safer? (Consider options like rails, mats, floor coverings, steps.)

#### **What sort of equipment might be needed to get around?**

For example, consider a walker, wheelchair or shower chair.

#### **What types of care and support can I access if I remain in my home?**

For example, ask who might come in and provide care in my home and how much it might cost.

#### **What will happen if I fall ill or develop dementia?**

Will there be someone to help me if I can't do things for myself? Will I live with family, will someone move in, or go to a nursing home.

#### **What sort of residential facilities are available?**

Look at the proximity to family and whether partners are welcome or able to stay in another part of the facility.

**Prepare an advanced health care directive and power of attorney. Prepare a will. Discuss desired funeral arrangements with family.**

### **Drug Price Reductions**

The Australian Government recently announced significant reductions in the price of a range of drugs. A listing of the price reduced drugs is at:

<http://www.pbs.gov.au/info/industry/pricing/eapd/price-reductions>

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