



18 March 2020

The Hon Josh Frydenberg MP
The Treasurer
PO Box 6022
House of Representatives
Parliament House
Canberra ACT 2600
Email: josh.frydenberg.mp@aph.gov.au

CC: Senator the Hon Jane Hume, Assistant Minister for Superannuation, Financial Services and Financial Technology
Email: senator.hume@aph.gov.au

Dear Treasurer,

I am writing to you regarding the current economic instability affecting SMSF members in the retirement phase, resulting from the COVID-19 pandemic health crisis. I acknowledge the measures that the Government has already announced to help slow the spread of the pandemic and to provide economic stimulus to many individuals and businesses which are adversely affected by the financial ramifications of the crisis.

The high degree of volatility and large falls in the global financial markets have created significant concerns regarding the minimum drawdown requirements for superannuation members. We expect you would be receiving many similar representations from affected individuals and stakeholders.

The current minimum withdrawal rates require superannuation members to withdraw money from their superannuation fund faster than desired because the minimum payment amount is based on the account balance at the beginning of the financial year before asset prices had fallen significantly.

SMSF members have expressed concern for their retirement balances, the possibility that accounts will not return to pre-crisis levels for an extended period of time and the obligation to continually sell assets during this period to meet the payments requirements.

Similar concerns were raised during the Global Financial Crisis in 2008 and the Government responded quickly to halve the minimum drawdown requirements for the financial year.

We urge the Government to implement the same temporary reduction in minimum payments for the remainder of the 2019-2020 financial year.

We believe any reduction in subsequent years can be determined at a later appropriate time.

If you have any questions, please do not hesitate in contacting us.

Yours sincerely,

A handwritten signature in black ink that reads 'John L Maroney'. The signature is written in a cursive style with a large, looped 'J' and 'M'.

John Maroney
CEO
SMSF Association