THE VOICE of Pensioners and Superannuants

17 February 2021

A self-funded retiree responds

ROGER, self-funded retiree, writes:

WHAT a load of rubbish! Where have you been?

2020 was going to be the worst recession since the great depression. Stock markets crashed. There was panic buying in supermarkets, and hundreds of thousands of superannuants and self-funded retirees got out of the stock market and put their money in a safe place: cash.

Now, nearly twelve months down the track, what is happening on stock markets is being referred to as a casino. Stocks are grossly overvalued, and a major correction is being predicted.

But the stock market insanity goes on, with support from major governments. Who are benefiting? Those who have the money on the table and want to take a big risk, but not those in their twilight years, who want security and certainty in their financial situation.

Pensioners are still alright. They get their fortnightly pension indexed for inflation. What's the difference between 2019 and 2020 for pensioners? Nothing financially!

Your article says: "Certainly, with annual term deposit rates at around half a per cent, $850,000 will only get you $4,250 in interest income. However, a return

rate of 5 per cent or more is very common for people holding shares in good companies, for example. That produces $42,500 in income a year, or $817.31 a week".

But who is taking that risk?

Based on your own figures $850,000 will only get you $4,250 in interest income. That's only $81.73 per week.

Who's on the poverty line? Pensioner couples with a fortnightly pension of $711.80 or a self-funded retiree with $850,000 in a fixed term deposit earning $81.73 a week?

I lost my right to the pension in the 2016 Budget, which slashed the upper asset limit. I may have $980,000 in my pension fund account (I'm not a millionaire). I get virtually nothing in interest and live off the principal. Eventually, I'll qualify for a part pension again.

It's a pity the likes of your organisation don't know the true value of money.

I'm retired, 70 years old, not a 55-year-old who might have another 10 to 15 years in employment.

'Dine and discover NSW vouchers': no smartphone, no problem

THE Out and About vouchers that were announced in the November 2020 NSW state budget have been renamed Dine and Discover NSW vouchers.

NSW Government websites say that the Service NSW app is needed to access the vouchers on a smartphone, and there is no mention of how people without smartphones can access the scheme.

However, in an interview on 2GB the NSW Minister for Customer Service said people without a smartphone will be able to go to a Service NSW Centre where vouchers can be printed out. You can listen to the radio interview by clicking here.

Initially trials were announced to begin in early January 2021 but did not begin until 11 February for a select number of participants in The Rocks in Sydney and Broken Hill. A second trial is expected to start in late February with pilots to be run in the Northern Beaches, Sydney CBD and Bega Valley Shire.

A statewide rollout is planned to begin in March. The NSW Minister for Customer Service suggested that the rollout would be a progressive one with different areas receiving access to the vouchers at different times.

Other than the name change, the scheme has not changed all too much from when it was announced although more detail has been provided.

NSW residents aged 18 and over will receive four $25 Dine and Discover NSW vouchers totaling $100.

Two vouchers are to be used for eating in restaurants, cafes, bars, pubs and clubs from Monday to Thursday, excluding public holidays.

The other two vouchers are to be used for entertainment and recreation including cinemas, live music, art venues and amusement parks, among others. The entertainment vouchers will be available to use seven days a week, excluding public holidays.

Unsupportable burden: NSW property tax

FRANCES McMAHON writes:

AN annual property tax proposed by the NSW Government would place an unsupportable burden on many households which now struggle to cover the cost of utilities and council rates.

It would be particularly unaffordable for single income households where one person is trying to meet all the family costs and for older people on limited incomes.

It would be unaffordable for families during the long years of paying childcare and school fees.

It would mean that people who had paid off their homes when they had higher incomes or the support of a partner, might not be able to keep them.

It would be a major source of worry for a very large number of people and reduce a great many people to a life of poverty and stress.

Currently people are able to incorporate stamp duty into their purchase price costs and pay it off over time as part of their home loan. While it is initially a major cost, its apparent magnitude reduces very significantly over the years with inflation.

For example, in 1986 stamp duty on a home that cost $350,000 was $10,000. Average salaries were around $30,000. It may have taken some additional years to pay off the mortgage which included the stamp duty of $10,000, but that, from today's perspective, seems quite modest.

The tax proposed is one that will increase every year and never be paid off.

It will rise with inflation as other Government charges do at the whim of Governments-of-the-day.

Also, the NSW Government's consultation paper quotes an average unimproved land value, which would attract $1,812 in annual land tax. But the annual tax for Parramatta in Sydney's middle ring for example would be close to $5000 a year and for inner ring suburbs such as North Sydney or the Eastern suburbs would be over $10,000 a year.

The proposal is one that might initially appear to benefit people with high disposable incomes who do not plan to remain in the house/apartment they purchase for very long.

This possibly describes people in their mid-30s. People in this age bracket with good incomes often plan to buy a 'starter' home, with a plan to upgrade in a few years.

However, when people settle into their main home, they usually plan to remain there for many years, especially if it suits their needs or they are sending children to local schools.

It becomes their home and they try to stay there as long as possible.

I have never met anyone who has cited stamp duty as a reason for not moving.

If an annual property tax were introduced, I am sure that no one who owns a home on which stamp duty has been paid would contemplate leaving it for a place where they would have to pay property tax.

No older people would leave their homes.

Other than those on high incomes, many people do not have the additional disposable income needed to continually pay an ever-increasing annual tax to the NSW Government for the rest of their natural lives.

They would pay the cost of stamp duty many times over.

They would never really own their homes and never have peace of mind.

I imagine many people would move interstate to avoid this.

Property tax is absolutely not a proposal that should be put forward by a Government that made no mention of this before it was elected.