



# Labor plan is frankly disastrous

**L**ABOR has ramped up its attack on "the rich", flagging its intention to prevent Australians claiming a refund of excess imputation credits from July 2019.

Well, in this case its ideology is flawed as one of the greatest victims of the attack will be poorer people.

Think about Dick and Daisy, who are partly self-funded retirees and whose entire investment portfolio is \$200,000 in bank shares. They probably get about \$9000 a year in franked dividends, which will carry imputation credits of about \$4000.

Under the present system they can receive a full refund of those credits, which gives them a boost of \$4000 towards their living expenses. Under the Labor proposals they would no longer be able to claim a refund of those franking credits, and so would be \$4000 a year worse off. That sum might be the difference between having private health insurance and going without.

According to Labor, it's just not right that people like Dick and Daisy should get benefits not available to working people, but that logic is seriously flawed. Consider Monica, who at age 45 is earning \$65,000 year, and has accumulated \$200,000 in bank shares. She receives the same dividend of \$9000, and would still be able to use the franking credits to offset the tax on that dividend, which will reduce her

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overall tax bill. Working investors will still be able to get the credits — it's the retirees who will miss out.

Of course, Labor loves to highlight those people with big, self-managed super fund balances who are "taking unfair advantage of the system". It claims these people will be the hardest hit, and that removing the tax exemptions from that sector will boost revenue by \$59 billion over 10 years. That may be true in the short term, but there are fewer than 5000 people with self-managed fund balances over \$10 million, and the majority of them are over 65.

Within 25 years almost all of them will be dead, and under the Government's amendments introduced last year the most they can leave to their family as superannuation is \$1.6 million. The rest must be cashed out and invested outside the super system. So in 30 years, all the really big super balances won't exist.

To make matters worse, the Turnbull reforms have made it practically impossible for the younger generation to build big super balances. If they make a concessional contribution of \$25,000, and earn more than \$250,000 in that year, the government will take 30 per cent of their contribution. If they choose to make an

after-tax contribution of \$100,000, the maximum, they will be paying tax at up to 47 per cent on the income from which the after-tax contribution is derived.

So the suggestion the proposed measures will add \$59 billion to budget revenue is nonsense.

Many investors will turn to high-growth, low-income products, such as international funds, or income funds like property syndicates that don't distribute franked income. And to cap it off, bigger companies may reduce dividend payouts to boost growth.

It's easy for politicians to attack the hundreds of thousands of hard-working Australians who have devoted their lives to building a retirement portfolio. They are secure in their defined-benefit pension funds, which will provide them with a guaranteed indexed income in retirement irrespective of market conditions.

Unfortunately, this luxury is not given to most of us. But worst of all, this non-stop tinkering with superannuation rules destroys trust in the system, and makes the public more cynical. The proposed measure is a badly thought-out disaster.

Noel Whittaker is the author of *Making Money Made Simple* and other books on personal finance. His advice is general in nature and readers should seek their own professional advice before making any financial decisions.

time he retires... so he doesn't end up eating dog food in his golden years.

And if he's investing in a scheme like this, it's highly likely he'll end up eating home-brand dog food.

OK, enough of the dog jokes.

Alison, I want you to call your friend and invite him over. Boil the kettle, pour yourselves a cuppa and, together, read the next question.

### Mortgage or super?

Kristen says: On page 156 of your book it says: "So with your home deposit saved and your house bought, it's time to give your super contributions a boost."

Could you please settle an argument for my husband and me? Do you mean house bought as in mortgage paid

**The Barefoot Investor: The Only Money Guide You'll Ever Need (Wiley) RRP \$29.95**



Now, there are three reasons you should follow the steps and the Mexican girl. First, for the average wage slave, super is still the best tax dodge going round.

Second, you're diversifying your nest egg. Most people end up retiring with too much home and not enough super.

Third, it puts your retirement savings program on autopilot. The current compulsory employer contribution of 9.5 per cent isn't enough, you need 15 per cent if you want to spend your golden years swilling sangria in Spain rather than necking a stubby in Shepparton.

Finally, if you follow the Barefoot Steps, you'll use your "fire extinguisher" account to eventually hose down your home loan quicker (Step 7), which will have you livin' La Vida Loca sooner.

off, or do you mean purchased but still paying off the mortgage?

**Barefoot responds:** After you buy your home, you boost your super.

As the little girl on the taco ad says, "Why not do both?"

To clarify, here are the relevant Barefoot steps:

**Step 4:** Buy your home.

**Step 5:** Increase your super to 15 per cent.

**Step 6:** Boost your Mojo to three months of living expenses.

**Step 7:** Get the banker off your back.

## Micro-management doesn't have to be dirty word

**G**ATHER a group of employees and ask them what they think about micro-managers and the negative comments pour forth — control freaks, meddlesome, misusers of power, disempowering and counterproductive.

After all, what can be more frustrating than to be delegated a task to complete, only for the delegator, or "the boss", to constantly meddle in your work.

No wonder, then, that micro-management or the practice of a manager closely observing and/or controlling an employee's work has earned a bad name in the workplace.

### WORKPLACE MATTERS

Gary Martin



Most management texts and articles are united in their view of this management concept: managers should avoid micro-management at all costs.

Let's face it, because the term has a dreadful reputation, few managers want to be described as micro-managers.

But could this reputation be unfair, exaggerated, or even unfounded? The truth is, micro-management can be appropriate, necessary and highly valuable in certain situations.

For example, a newly appointed employee working on an important project might need strong direction until he or she is confident and knows the ropes.

And established employees thrown a new challenge, or facing a complex work assignment that needs some higher-level assistance, could benefit from micro-management.

I know most experienced managers will be able to think of a range of situations where micro-management was needed and appropriate, and delivered positive outcomes.

But good and experienced managers will also be able to identify the fine line that separates supportive and appreciated micro-management from meddlesome, unnecessary, over-the-top interference.

They will also understand the different types of micro-management, and when and to what degree each different type is applicable. Increased supervision, for example, may be applicable at certain times, but on other occasions, hands-on involvement is called for.

And let's not forget a supervisor must engage in micro-management without ignoring the core principles that under-

pin a successful and professional workplace — respect, consideration and tolerance.

I was talking with a friend of mine about this very topic.

He suggested that micro-management be seen as a legitimate management tool and used at appropriate times.

The term should therefore be freed of negative connotations and not frowned upon, but appreciated and acknowledged for the value it can add. But my friend also went on to suggest a new term to describe times when micro-management is applied yet not appropriate — micro-mismanagement.

So, from now on I will think

of micro-management as a positive term — a strategy that can be applied to provide strong direction and support to employees in an appropriate way, when and where it is needed.

But overstep the mark and you will quickly be accused of micro-mismanagement.

And this is a practice that does little to generate positive outcomes in a workplace. In fact, the opposite is often true, typical of any type of mismanagement.

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