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Personal and Retirement Income Division  
The Treasury  
Langton Crescent  
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Dear Manager

**Submission in response to the June 2013 discussion paper *Lost and Unclaimed Superannuation Money***

This submission from the Association of Superannuation Funds of Australia (ASFA) is in response to the request for feedback and comments on the *Lost and unclaimed superannuation money* discussion paper.

**ABOUT ASFA**

ASFA is a non-profit, non-political national organisation whose mission is to protect, promote and advance the interests of Australia's superannuation funds, their trustees and their members. We focus on the issues that affect the entire superannuation system. Our membership, which includes corporate, public sector, industry and retail superannuation funds, plus self-managed superannuation funds and small APRA funds through its service provider membership, represent over 90% of the 12 million Australians with superannuation.

**GENERAL COMMENTS**

ASFA has been a strong supporter of measures put in place to reduce the number of unnecessary accounts within the superannuation system. We have worked closely with the ATO as it has enhanced its systems, processes and communication strategies in this area.

We note the considerable number of initiatives that are in the process of being implemented in the coming months and years. In light of the increased number of accounts being compulsorily transferred to the ATO and further proposed changes in this area (including the proposed two stage increase in the threshold for payment of lost monies to the ATO), ASFA advocated for, and strongly supports, the government decision to undertake a review in late 2014 on the need to proceed with the proposed regime for inter-fund account-consolidation.

The overall view of ASFA is that the current proposed suite of reforms should be implemented, allowed to settle in and then their effectiveness reviewed prior to any further changes being contemplated or implemented.

The discussion paper poses five questions. Each of these is briefly addressed below.

*Should the existing suite of strategies to re-unite people with their lost accounts and unclaimed monies be enhanced?*

ASFA considers that the current and proposed changes should be implemented and given an opportunity to work prior to any further changes being implemented. In saying this, we acknowledge that there may be initiatives that the ATO may consider introducing that would leverage off the data it holds at a given point in time.

*Are there other initiatives that could help reduce the number of lost and unnecessary accounts in the Australian superannuation system and reunite more of these accounts with their owners?*

One of the keys to account consolidation is the ability of individuals to have line of sight of their superannuation interests. SuperSeeker is one way in which this can be achieved. With the changed reporting requirement for 2012-13 Member Contribution Statement reports the ATO, and hence SuperSeeker, will have information about all of the accounts in the superannuation system.

In light of this, the ATO could consider a strategy of direct encouragement of individuals to access SuperSeeker and take advantage of its account consolidation functionality. The ATO could do this by actively examining the register for individuals with multiple accumulation interest and making direct contact with those identified, providing them with information about SuperSeeker.

The ATO could also reporting on an individual's online Tax Return and Tax Assessment Notice all the Super Funds and balances the ATO knows about, together with links to SuperSeeker.

On the basis that prevention is better than the cure, Regulations could be made requiring the name of the superannuation fund to be included on payslips.

Building some fun games into ASIC's MoneySmart site could be a method of encouraging high school students to engage with and track their Super. The idea is to make it both 'normal' and habitual from the time contributions are first made on their behalf.

There is ample evidence that Lost and Unclaimed Superannuation is closely related to poor data quality. While the contributions data standard will address this going forward, additional effort is required in cleaning up existing data. Some ideas to consider are:

- Make the ASFA-ITM data quality assessment mandatory for APRA-regulated Funds and, after a discreet interval, publish a "league table" of results.
- APRA to require Funds to make a serious attempt to get correct Dates of Birth for cases with a known 'assumed' or 'dummy' date of birth. This would dramatically increase the likelihood of success of TFN matching algorithms.
- APRA to encourage trustees to use the transfers of Accrued Default Accounts notification process identify any erroneous or missing member identity or contact data and to capture the correct data.

*Is there a need for strategies, such as the new employee enrolment process described above that aim to prevent the proliferation of lost and unnecessary accounts into the future?*

The proposed new employee enrolment process will, where it is used, greatly assist in the unnecessary creation of accounts where a new employee has an existing account that will accept contributions from any employer.

However, the ultimate success of this strategy will depend on the level of uptake by both employers and employees.

*Are the existing strategies adequately integrated and do they work in harmony to achieve the Government's policy goal of ensuring that all Australians have an adequate and secure retirement income?*

As the existing strategies for the location and consolidation of unnecessary accounts are still being implemented it will take some time until they become fully integrated into the system.

ASFA considers that the strategy is right and, once fully implemented, will result in individuals having a better retirement outcome than they may otherwise have.

ASFA notes that one part of the strategy that may adversely impact retirement outcomes is the potential for a member to lose insurance coverage through the compulsory transfer of an account to the ATO. ASFA considers that the presence of an existing insurance arrangement should be part of the information provided to the ATO and to the fund to which the member's benefit is subsequently transferred and that the recipient trustee should take positive steps to determine the member's need for new or additional insurance cover.

Whether an individual has an adequate and secure retirement is dependent on a range of other factors including their employment history and whether they take the opportunities presented by a range of other government initiatives to voluntarily improve their retirement income outcome.

*The current superannuation reform program is significant and impacts superannuation funds, employers and individuals. How can re-uniting and account consolidation strategies be best phased into this broad reform agenda?*

ASFA considers that the phasing in of re-uniting and account consolidation can best be achieved by a continuation of the current consultative arrangements between the ATO and industry.

Regular exchanges of information between the ATO and Industry will facilitate improved understanding of the impacts of the strategies. From this, appropriate decisions to adjust policy and practices can be made.

The ATO and industry should both be taking advantage of the increased level of information being exchanged. The opportunity should be taken to leverage off the introduction of new technology and improvements in processes that will flow from the full implementation of SuperStream to improve retirement outcomes for members.

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I trust that the information contained in this submission is of value. If you have any queries or comments regarding the contents of our submission, please contact our principal policy adviser, Robert Hodge on (02) 8079 0806 or via e-mail to [rhodge@superannuation.asn.au](mailto:rhodge@superannuation.asn.au).

Yours sincerely

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