

EXPOSURE-DRAFT

1 Inserts for
2 **Superannuation Legislation Amendment**
3 **(Stronger Super and Other Measures)**
4 **Bill 2012: Intra-fund consolidation of**
5 **superannuation interests**

EXPOSURE DRAFT

Commencement information

Column 1	Column 2	Column 3
Provision(s)	Commencement	Date/Details
1. Schedule ?, items 1 and 2	1 July 2012	
2. Schedule ?, item 3	The later of: (a) immediately after the commencement of the provision(s) covered by table item 1; and (b) at the same time as item 2 of Schedule 2 to the <i>Superannuation Legislation Amendment (MySuper Core Provisions) Act 2012</i> commences. However, the provision(s) do not commence at all if the event mentioned in paragraph (b) does not occur.	
3. Schedule ?, item 4	1 July 2012	

8

EXPOSURE-DRAFT

1
2 **Schedule?—Intra-fund consolidation of**
3 **inactive superannuation interests**
4

5 *Superannuation Industry (Supervision) Act 1993*

6 **1 Subsection 10(1)**

7 Insert:

8 *inactive superannuation interest*, in relation to a member's
9 interest in a superannuation fund, means an interest in a
10 superannuation fund (other than a pooled superannuation trust, a
11 self managed superannuation fund or an exempt public sector
12 superannuation scheme) where:

13 (a) the member has a superannuation interest in the fund which is
14 not:

- 15 (i) a defined benefit interest; or
16 (ii) an interest of a kind supporting a superannuation
17 income stream; or
18 (iii) an interest of a kind prescribed by the regulations for the
19 purposes of this paragraph; and

20 (b) the member's withdrawal benefit in relation to the interest in
21 the fund is less than \$1,000; and

22 (c) any of the following apply:

- 23 (i) no contributions, rollovers or transfers have been made
24 to the interest in the fund, on behalf of the member,
25 during the previous 2 years;
26 (ii) the member is a lost member within the meaning of the
27 *Superannuation Industry (Supervision) Regulations*;
28 (iii) the member has an interest in an eligible rollover fund
29 (other than an interest of a kind prescribed by the
30 regulations for the purposes of this paragraph).

31 **2 Before subsection 29E(7)**

32 Insert:

33 *Complying with rules relating to intra-fund consolidation*

34 (6B) The following additional condition is imposed on each RSE licence
35 that relates to a superannuation entity for which the RSE licensee

EXPOSURE-DRAFT

1 has obligations under section 108A. The condition is that the RSE
2 licensee must ensure that the rules that that section requires in
3 relation to the superannuation entity are complied with.

4 **3 After section 108**

5 Insert:

6 **108A Duties in relation to intra-fund consolidation of inactive** 7 **superannuation interests**

- 8 (1) Each trustee of a superannuation entity (other than a pooled
9 superannuation trust, a self managed superannuation fund or an
10 exempt public sector superannuation scheme) must ensure that:
- 11 (a) rules are established (whether by inclusion in the governing
12 rules or otherwise) setting out a procedure for consolidating
13 the inactive superannuation interests held by the entity that:
 - 14 (i) are superannuation interests of the same member or
15 depositor of the entity; and
 - 16 (ii) have the same rights and benefits as one or more other
17 superannuation interests of the member; and
 - 18 (b) those rules:
 - 19 (i) provide for the consolidation of those interests, on an
20 annual basis, by all of those interests being merged into
21 one of the interests (the *consolidated interest*), and by
22 the other interests then being cancelled; and
 - 23 (ii) provide that fees are not payable for any merger or
24 cancellation of superannuation interests as a result of
25 such a consolidation; and
 - 26 (iii) meet any other requirements of the regulations
27 (including requirements relating to matters mentioned in
28 subparagraph (i) or (ii)); and
 - 29 (c) those rules are published in such a way that:
 - 30 (i) will make the entity's members or depositors aware of
31 the procedure for consolidating such interests; and
 - 32 (ii) meets any other requirements of the regulations; and
 - 33 (d) provide that the consolidated interest must be the entity's
34 superannuation interest to which a contribution, rollover or
35 transfer was most recently made.
- 36 (2) A trustee commits an offence if the trustee contravenes
37 subsection (1). This is an offence of strict liability.

38 Penalty: 50 penalty units.

EXPOSURE-DRAFT

1 Note 1: Chapter 2 of the *Criminal Code* sets out the general principles of
2 criminal responsibility.

3 Note 2: For *strict liability*, see section 6.1 of the *Criminal Code*.

4 **4 Paragraph 108A(1)(d)**

5 Repeal the paragraph, substitute:

6 (d) those rules:

- 7 (i) do not permit a superannuation interest that is a
8 MySuper interest and another superannuation interest
9 that is not a MySuper interest to be consolidated, unless
10 a MySuper interest is the consolidated interest; and
11 (ii) subject to subparagraph (i), provide that the
12 consolidated interest must be the entity's
13 superannuation interest to which a contribution, rollover
14 or transfer was most recently made.