



Discussion Paper: Lost and unclaimed superannuation money

June 2013

AIST Submission

AIST

The Australian Institute of Superannuation Trustees (AIST) is an independent, not-for-profit professional body whose mission is to protect the interests of Australia's \$500 billion not-for-profit superannuation sector. AIST's members are the trustee directors and staff of industry, corporate and public-sector superannuation funds, who manage the superannuation accounts of two-thirds of the Australian workforce.

AIST is a registered training organisation and has recently expanded its education program to encompass the growing and changing needs of all members of the not-for-profit superannuation sector.

AIST offers a range of services including compliance and consulting services, events - both national and international - as well as member support. AIST also advocates on behalf of its members to relevant stakeholders.

AIST's services are designed to support members in their endeavour to improve the superannuation system and build a better retirement for all Australians.

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1 Executive summary

AIST's long stated policy position is that Australians who have lost or unclaimed superannuation should be reunited with their owners as quickly as possible, and we support the efforts of the ATO in meeting this objective.

In our response to this paper, we have provided comments and recommendations, as well as responding to the questions in the paper. Our responses can be summarised as follows:

- AIST supports greater resources being utilised to enable funds to connect superannuation monies better with deceased members.
- We support the aims of the Reuniting Super campaign, and believe that an enhanced campaign involving the provision of correct dates of birth by the ATO would further improve this campaign.
- Member consent should be provided via TFN declaration forms on an opt-out basis to enable consent to be given to funds and, by extension, ERFs to cross match monies with their members.
- Together with member consent, a secure online facility to be provided to enable funds to search for monies held with ERFs. This should be combined with the ability for funds to swap information with the ATO to better match members.
- A TFN declaration app for smartphone, tablet and/or PC that could be used in place of paper based forms would allow for a more proactive approach to be taken with new employees TFN details and consents.

AIST does not see any reasons why further delays should be made in preventing lost monies being reconnected with their correct member. Furthermore, we would support additional efforts by the ATO to promote tools like SuperSeeker, as well as to better utilise TFNs to assist in this exercise.

Ultimately, we believe that any unnecessary delay in reconnecting members with their superannuation monies is unhelpful and may have a material impact on members' abilities to save for a comfortable retirement.

It is important that the government appreciate the context of this discussion paper as consistent with other measures to help Australians being reunited with lost super, but which also accelerates the implementation of account consolidation. We recommend that the measures contained in this discussion paper and those recommended as part of this consultation, be viewed within this broader strategy.

2 Comments and recommendations

AIST's long stated policy position is that Australians who have lost or unclaimed superannuation should be reunited with their owners as quickly as possible, and we support the efforts of the ATO in meeting this objective.

We wish to offer the following comments.

2.1 Reuniting Super and deceased members

We write with respect to the ATO's Reuniting Super strategy, outlined in paragraphs 15 and 16 of the discussion paper. This strategy, which provides funds with addresses for their lost members is laudable. We undertook some enquiries to find out how successful this strategy is.

We were advised that a large administrator had been provided with a large amount of information on deceased clients it was 5 years ago and the data was in a form that could not be processed. We were also advised that the address data information that contained current addresses to members was provided on a sporadic basis and there has not been any recent consultation with funds (including ERFs) with regards to this initiative.

AIST would support more resources being provided to fix these shortcomings.

Similarly, we wish to draw attention to the issue that many funds are forced to use in order to deem default members into their funds. In many cases, a notional date of birth is used where a member's actual date of birth is unavailable. Similar to the Reuniting Super strategy, we believe that a campaign where the ATO provides funds with valid dates of birth would also assist funds in matching members.

2.2 Member consent

AIST wishes to draw attention to the issues caused by lack of consent from members to deal with ERFs.

One of the services used by AUSFund, an ERF, to match members is a cross-matching service that it offers to several of its client super funds. This service enables members with accounts held at AUSFund to be matched with active accounts held at an eligible super fund.

For clients with balances of less than \$3,000, this process has historically happened automatically, however ASIC's *Information Sheet INFO 90: Notifying members about superannuation transfers without consent* appears to indicate that ERF's would require prior consent from members no matter what their balance.

As most members of AUSFund's client funds (predominantly industry funds) are deemed as members by default, and money moved into ERFs is usually undertaken without members even knowing, the point at which to gather this consent is problematic. AIST recommends that consent be automatically given to the ATO as a question on their employment declaration form, unless the member opts out of this consent.

This consent could then be applied to both funds searching for member details at ERFs, as well as ERFs cross –matching and ultimately, re-uniting monies with members’ active accounts.

2.3 Member searches

It follows from our previous recommendation that a streamlined process needs to be in place to allow this to best work. AIST recommends that a secure online facility be provided by the ATO to enable funds to search for member accounts that are held at ERFs.

Consent to use this facility would again, be assumed by funds to have been given by new employees unless they opt out. We recommend that, similar to existing processes, employers are obliged to ensure that funds are aware where an employee opts out of providing this consent.

An additional consideration would be for funds to be able to ‘swap’ information with the ATO. Presently, the information only flows one way, with regards to address data. By having the consent to share information with the ATO from members, this would potentially assist the ATO in correcting member details that are held with funds.

Presently, member address verification is carried out by ERFs either in house, or with the assistance of an outsourced entity. Being able to check this with the ATO directly would be an additional check that could be utilised.

2.4 TFN declaration app

Both casual and part-time employment are root causes of many lost super problems because new employees fail to complete Tax File Number declarations. Moreover, the hard copy forms need transcribing which takes time and increases error rates.

A more proactive approach would see the ASTO develop a TFN Declaration application (“app”) for mobile phones and computers which could send the employee’s essential information to their new employer without their having to complete hard copy forms. The app should be populated once and only require verification or updating by the individual prior to submission to their new employer when they commence a new job. Once verified and updated by the individual, the App should send an email with attachment to the employer for verification and lodgement. Help in different languages would assist non-English speakers. At the employer end, an app should automatically take the employee information so that it can be submitted to the ATO complete with employer details.

This information could be changed by an employee at any time. We strongly recommend that this app be available to as many platforms as possible, including Mac OSX and Linux as well as mobile platforms such as Apple iOS, Android and BlackBerry OS and not simply Windows, as is the case with many ATO applications.

2.5 Consultation questions

Finally, AIST would like to address the consultation questions provided with respect to this discussion paper.

2.5.1 Question 21: Should the existing suite of strategies to re-unite people with their lost accounts and unclaimed monies be enhanced?

The superannuation industry is going through a number of wholesale reforms designed to improve its effectiveness, with further changes to be made to improve payments into and around the industry.

Whilst we are aware that the existing suite of initiatives that are designed to improve connecting people with their lost super monies, we are always of the opinion that more can be done and have outlined some strategies above that we believe should be implemented as soon as possible.

2.5.2 Question 22: 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?

AIST supports SuperSeeker as a tool to better connect people with their lost superannuation monies. We support the enhancements that have been done to improve its scope and applaud the fact that it can now be used to search for all super accounts, not just lost ones. However we have been made aware that some consider this tool to be user unfriendly, and have heard reports that some taxpayers are unable to use it. We believe that these issues should be fixed.

AIST would support a new high profile advertising campaign that brings attention back to Australians that their lost super is unnecessarily costing money and that initiatives like SuperSeeker exist. We would support a new campaign to remind people that they may have multiple accounts, and that use of the online portability tool can assist in bringing peoples' money back together.

Lastly, AIST has long been a supporter of the use of Tax File Numbers (TFNs) as a primary identifier for superannuation monies. However, we believe that the use of this item may have additional applications that funds themselves can better use to re-connect members with their multiple accounts. AIST would support an information campaign that targets funds to highlight these applications.

2.5.3 Question 23: 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?

We have outlined above our thoughts on how the existing employee enrolment process can be expanded to provide consent to funds to improve connection with lost monies. AIST believes that employee enrolment is the ideal time for these questions to be asked.

However, we also believe that some of the questions raised at employee enrolment can be pursued in a more proactive fashion. To this end, an app containing the taxpayer's default employee declaration

preferences which can be changed at any time would ensure that these questions of consent are addressed as well as assisting business with processing new employees.

2.5.4 Question 24: 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?

Whilst we believe that the overall strategies appear to be harmonised or appropriately integrated, we believe that there could always be more undertaken to improve the 'seamlessness' of existing strategies in reaching the present policy goals.

2.5.5 Question 25: 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?

As we answered in question 21, the current reform agenda is significant. However, we believe that members' interests are more important, and to delay further measures designed to connect members with their superannuation monies would be regrettable.
