

17 August 2012



The Manager  
Contributions and Accumulation Unit  
Personal and Retirement Income Division  
The Treasury  
Langton Crescent  
Canberra, ACT 2600

**Email:** [intrafundconsolidation@treasury.gov.au](mailto:intrafundconsolidation@treasury.gov.au)

Dear Sir/Madam,

**Re: Superannuation Legislation Amendment (Stronger Super and Other Measures) Bill (No.2): Intra-fund consolidation of superannuation interests - Exposure Draft**

BT Financial Group (BTFG) welcomes the opportunity to comment on the Superannuation Legislation Amendment (Stronger Super and Other Measures) Bill (No. 2) 2012: Intra-fund consolidation of superannuation interests (the Exposure Draft).

We support the need for increased trustee flexibility to consolidate small multiple accounts within a fund. We believe the Exposure Draft will give trustees the discretion to carefully evaluate multiple interests and where appropriate, consolidate these interests.

The current drafting carefully establishes the principles of intra-fund consolidation without becoming overly proscriptive. A principles based approach allows each trustee to develop and implement an appropriate consolidation procedure for their members, with regard to member demographics, levels of engagement and risks.

**Income streams should be specifically excluded from consolidation**

Item 1.11 of the Explanatory Memorandum states that the measure will only apply to accumulation interests, and not to defined benefit interests, trustees of pooled super trusts or SMSFs. Based on this guidance it seems that the intention is to exclude superannuation income stream interests and we support this intention. The draft legislation, however, does not exclude superannuation interests supporting an income stream.

While it would be extremely difficult for a trustee to practically merge another interest with an income stream, we believe the legislation should be amended to specifically exclude income streams to provide the trustees with certainty.

**Recommendation:**

We recommend that proposed subsections 108A(1)(a) and 108A(1)(c) are amended as follows:

- (a) set out a procedure for identifying when a member of the superannuation entity has more than one superannuation interest in the superannuation entity (other than defined benefit interests and interests of a kind supporting a superannuation income stream); and
- (c) if the member has two or more superannuation interests (other than defined benefit interests and interests of a kind supporting a superannuation income stream) in the superannuation entity – require the trustee to merge the interests if it is in the best interest of the member to do so: and

Please let me know if you have any questions, or would like to discuss our submission further.

Yours sincerely



Lucas McKay  
Manager, Government & Industry Affairs  
BT Financial Group  
Telephone: (02) 8253 2725