

20 October 2014

Manager
Benefits and Regulation Unit
Personal and Retirement Income Division
The Treasury
Langton Crescent
PARKES ACT 2600

Email: superannuation@treasury.gov.au

Dear Sir/Madam,

Re: Tax and Superannuation Laws Amendment (2014 Measures No. 7) Bill 2014: Providing certainty for superannuation fund mergers

The Australian Institute of Superannuation Trustees is a national not-for-profit organisation whose membership consists of the trustee directors and staff of industry, corporate and public-sector funds.

As the principal advocate and peak representative body for the \$600 billion not-for-profit superannuation sector, AIST plays a key role in policy development and is a leading provider of research.

AIST provides professional training, consulting services and support for trustees and fund staff to help them meet the challenges of managing superannuation funds and advancing the interests of their fund members. Each year, AIST hosts the Conference of Major Superannuation Funds (CMSF), in addition to numerous other industry conferences and events.

AIST applauds the release of this exposure draft ("the ED") which provides equity to members of funds which merge. We have previously commented on issues that the transfer of superannuation accounts from one fund to another creates, and believe that this ED solves these.

We are aware that in the case of a merging of superannuation funds, there have been issues for funds previously, particularly with regards to unfair calculations of the segments that make-up the tax-free component. The issue whereby a tax-free component is less than the sum of the contributions segment and the crystallised segment has resulted in superannuation fund members being subject to larger taxation bills than what would have been the case, had their accounts not moved between funds.

AIST welcomes the new definition of an involuntary roll-over superannuation benefit. The current situation affects members with large amounts in the tax-free component who may be adversely affected by negative investment returns. It is AIST's view that members who find

themselves in this position, should not face the taxation implications of a larger than expected taxable component, particularly where this has arisen through no choice of the members affected.

If you have any further questions regarding this submission, please contact Richard Webb, Policy & Regulatory Analyst on 03 8677 3835 or at rwebb@aist.asn.au.

Yours sincerely,

A handwritten signature in black ink, appearing to read 'Tom Garcia', is written over a light blue horizontal line.

Tom Garcia
Chief Executive Officer