



25 October 2019

Manager
Retirement Income Policy Division
Treasury
Langton Crescent
Parkes ACT 2600

Email: superannuation@treasury.gov.au

Dear Sir/Madam,

RE: Draft Superannuation (Unclaimed Money and Lost Members) Regulations 2019

The Australian Institute of Superannuation Trustees (AIST) welcomes the opportunity to respond to the Exposure Draft Superannuation (Unclaimed Money and Lost Members) Regulations 2019 (Regulations).

AIST appreciates the clarification in provisions which prescribe conditions of release whereby an account will not be an inactive low balance account and therefore will not be payable to the Commissioner of Taxation.

More clarity needed on severe financial hardship claims

AIST is concerned that there is insufficient clarity on how members who have previously made a severe financial hardship claim should be treated by an RSE licensee. We propose that more guidance is needed in this area.

Specifically, our concerns relate to:

- Members that have made a successful severe financial hardship claim over 16 months ago. Given that other activities such as changing investment options, insurance changes and contributions are all required to have been made within the last 16 months to not be considered inactive, we suggest that the making of a severe financial hardship claim be aligned for consistency.

Example

A member made a successful severe financial hardship claim five years ago, reducing their balance to \$0.

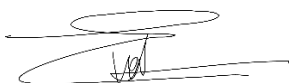
Today the balance is now \$5,000, however the member has not made a contribution in the past 16 months and does not meet other conditions to remain 'active'.

It is unclear whether because this member has previously met a condition of release (item 105 – severe financial hardship) whether they should still be classified as an inactive low balance account and paid to the ATO

- Members that have made a severe financial hardship claim which is still being considered at the census date (31 Dec and 30 June). We propose that for Unclaimed Super Money (USM) they would be excluded from low balance inactive for that year.
- Members that make a severe financial hardship claim which is received by the fund in between the USM census date and payment date to ATO (31 Dec to 30 April or 30 June and 31 October). We propose that the member would no longer be a low balance inactive account in this case.

For further information regarding our submission, please contact Zach Tung, Policy and Regulatory Analyst on 03 8677 3851 or at ztung@aist.asn.au.

Yours sincerely,



Eva Scheerlinck
Chief Executive Officer

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 \$1.4 trillion profit-to-members superannuation sector, AIST plays a key role in policy development and is a leading provider of research.

AIST provides professional training 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.