

House of Representatives Standing Committee on Economics
Review Of The Four Major Banks And Other Financial
Institutions Superannuation Sector

ANSWERS TO QUESTION ON NOTICE

Australian Taxation Office

02 OCTOBER 2020

Department/Agency: ATO

Question: ATO01QW

Topic: Low-Balance Inactive Super Accounts

Reference: Written

Member: Wilson

Question:

For low-balance inactive superannuation accounts rolled into the ATO:

- a. Where are those funds held within the ATO?
- b. How are they itemised, i.e. by the name of the holder and the value when it was transferred into the ATO?
- c. How are those funds invested?
- d. What is the return on investment for those funds for the past decade?
- e. How are returns on investment for those funds applied to balances, if at all?
- f. When Australians are reunited with these funds is it at value transferred or at value transferred with growth?

Answer:

a. Where are those funds held within the ATO?

Funds directed to the ATO in its role as administrator for low-balance inactive superannuation accounts are received into an ATO administered receipts bank account. This account is maintained with the Reserve Bank of Australia (RBA).

Each night the total balance of ATO's administered receipts account is transferred to the Official Public Accounts (OPAs).

b. How are they itemised, i.e. by the name of the holder and the value when it was transferred into the ATO?

Inactive low balance superannuation accounts are itemised within internal ATO systems by the name of the individual, their previous member account number from their fund, the unclaimed money type, the value reported and transferred to the ATO and the date reported.

c. How are those funds invested?

The AOFM is responsible for the management of the OPA group of accounts (where consolidated revenues are held) including the investment of surplus balances. The AOFM cannot distinguish between the source of funds in the OPA group (consolidated revenues are fungible) and therefore cannot track these specific amounts. The vast majority of the government's cash balances for this period have been invested in term deposits at the RBA. Term deposits are generally invested for terms of less than 2 months at a rate provided by the RBA (broadly based on the return the RBA makes at its Open Market Operations).

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d. What is the return on investment for those funds for the past decade?

This is a question for the AOFM, noting that the actual return on investment (assuming it could be tracked) is not relevant to the amount payable to account holders when they are reunited with unclaimed superannuation moneys (USM) (refer (f)).

e. How are returns on investment for those funds applied to balances, if at all?

Refer (f)

f. When Australians are reunited with these funds is it at value transferred or at value transferred with growth?

When Australians are reunited with funds (ie where an active and eligible super account has been identified or when money is paid directly to an eligible individual) it is transferred at account balance plus compound interest. Since 1 July 2013 interest on USM has been calculated using the CPI.