

20 June 2013

Mr Tim Bryant
The Secretary
Senate Standing Committees on Economics
PO Box 6100
Parliament House
CANBERRA ACT 2600

Email: economics.sen@aph.gov.au

Dear Mr Bryant,

Re: Senate Economics Legislation Committee Inquiry: Superannuation Laws Amendment (MySuper Capital Gains Tax Relief and Other Measures) Bill 2013

This is a joint submission on behalf of the Australian Institute of Superannuation Trustees and the Industry Super Network.

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.

Industry Super Network (ISN) is an umbrella organisation for the industry super movement. ISN manages collective projects on behalf of a number of industry super funds with the objective of maximising the retirement savings and incomes of their members through improving the super system and enhancing the value of industry super to members, the value of the generic industry super category and the brand of network participants and expanding the market share of network participants.

In this submission, AIST and ISN will only be commenting on schedule 1 of the *Superannuation Laws Amendment (MySuper Capital Gains Tax Relief and Other Measures) Bill 2013* ("the Bill").

Schedule 1 of the Bill addresses the very real issue that members of superannuation funds may face in the event that their superannuation monies include an accrued default amount. The MySuper initiative, set up as part of the Stronger Super reforms, requires accrued default amounts held in accounts of members to be moved over to a MySuper product by 1 July 2017. Where most members will find this experience to be a seamless 'rebranding' of their existing investment option as their fund's MySuper option, and will therefore notice no visible changes; there are members of funds who will not pursue a MySuper licence.

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These funds will need to ensure that members with accrued default amounts are provided with an appropriate MySuper product and that their interests are transferred into such a product.

This measure solves the problem whereby members may be transferred *en masse*, but without the need to sell down investments in order to provide an orderly transfer, a transfer of both members as well as assets. Further, this measure ensures that unrealised capital losses, assets that are of considerable potential value to super fund members, are able to also be transferred, rather than ceasing to exist at the point of transfer, which may be for little or no value.

It is important to note that where funds are able to merely re-label their existing default options as a fully compliant MySuper option, these issues wouldn't arise. However, AIST and ISN submit that super fund members should not be penalised, just because their fund is required to utilise an external MySuper provider.

AIST and ISN support this measure.

Yours sincerely,

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