

## Senate Standing Committee on Economics

### ANSWERS TO QUESTIONS ON NOTICE

#### Treasury Portfolio

#### Additional Estimates

16 February 2012

**Question No:** AET 8

**Topic:** Lost superannuation – proposal for balances less than \$1,000

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**Senator SHERRY:** Okay. We have \$20.2 billion on the register for that year with five million accounts. There is a proposal to auto-roll together accounts of less than \$1,000—it is not yet law; it is a proposal—are you aware of that?

**Mr Peterson:** Yes.

.....

**Senator SHERRY:** .....The proposal is for balances of less than \$1,000. Is that correct?

**Mr Peterson:** That is correct.

**Senator SHERRY:** What is the number of accounts that that will impact?

**Mr Peterson:** I do not have those precise figures available with me at the moment. At the moment there are 33 million superannuation accounts in Australia. It is certainly hoped that some millions of those will be reduced with this measure.

**Senator SHERRY:** You would have to have some idea, but take it on notice anyway.

**Mr Peterson:** Sure.

#### **Answer:**

The proposed policy would require the consolidation of low balance accounts—initially those with less than \$1,000—that are lost or have not received a contribution within the last two years and accounts in eligible rollover funds, unless members opt out.

A joint media release<sup>1</sup> by the Minister for Financial Services and Superannuation, the Hon Bill Shorten MP, and the Financial Services Council (FSC) on 22 February 2012 estimates 6.9 million accounts will be eligible for auto-consolidation under the proposal.

The ATO does not currently hold information on all accounts that may be eligible for auto-consolidation as funds are currently only required to report details of lost accounts and accounts that have received a contribution during the previous financial year. However, there are approximately 2.6 million lost accounts reported with balances less than \$1,000 that are potentially eligible for auto-consolidation.

It should be noted that the reduction in accounts will depend on:

- the number of members who opt out

- the degree to which members perceive any loss of benefits, such as insurance, as a barrier to consolidation, and
- the ATO's ability to accurately match eligible accounts to members.

Until the legislation to support the measure is passed by Parliament and additional reporting is provided by super funds, a more accurate estimate of the number of accounts that can be consolidated cannot be provided.

<sup>1</sup> Joint Media release

<http://ministers.treasury.gov.au/DisplayDocs.aspx?doc=pressreleases/2012/006.htm&pageID=003&min=brs&Year=&DocType=>