

Senate Economics Legislation Committee
ANSWERS TO QUESTIONS ON NOTICE

Treasury Portfolio

Budget Estimates, 31 May to 2 June 2005

Question: Bud 80

Topic: APRA – Superannuation Fund Members with Exit Fees

Hansard Page: E40/41

Senator Sherry asked:

1.

Senator SHERRY—Yes. Does APRA have any idea of the number of superannuation fund members who are in a superannuation fund with an exit fee, and to what level?

2.

Senator SHERRY—It is claimed that exit fees are a legacy product, a historical anachronism. That is the description I often see people in the industry use in reference to exit fees. Are you able to identify whether, say from last year onwards, in a historical sense, there are any new members going into a fund where an exit fee applies?

3.

Senator SHERRY—That was going to be my next question. I am sure you will have to take this on notice, given your previous answers. Can we identify the level of exit fees and the numbers involved? I think you have made the correct observation in your editorialisation that there are exit fees and there are exit fees. There are exit fees that cover administrative costs of \$40, \$50, \$60 or perhaps \$100 at the outside, but there are exit fees that I am aware of that take up thousands of dollars of the balance of the fund if a transfer occurs.

4.

Senator SHERRY—Because it is claimed that these are historical legacy products, it would be interesting to know whether in fact there are any products still being offered with, as you described them, crippling high exit fees and whether you can identify that.

Answer:

1.–4. APRA does not explicitly focus on exit fees as part of its reviews, unless disclosure issues arise, in which case they are referred to ASIC.