

Mr Raphael Cicchini
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THE TREASURY
Retirement and Personal Income Division
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Dear Mr Cicchini

CONTRIBUTION AND COMPULSORY CASHING STANDARDS FOR SUPERANNUATION

COMMENTS FROM THE CORPORATE SUPER ASSOCIATION

I refer to your letter of 5 April 2002 seeking views on options to simplify the arrangements concerning compulsory cashing and the receipt of contributions for working people aged over 65 years.

The Corporate Super Association

The Corporate Super Association is Australia's dedicated representative body for major Not For Profit corporate superannuation funds and their corporate sponsors.

The assets of Association members amount to approximately \$60 billion, representing about 75% of total corporate superannuation sector assets in Australia and some 750,000 individual employee fund members. The dominant position of the Association in the corporate Not For Profit superannuation sector is indicated by the fact that Association member funds total only 2% by number of the total number of funds in the sector, but hold 75% of the assets.

I have sought views from our members on the proposals set out in the discussion paper attached to your letter. The following views are offered specifically in relation to the suggestions in your paper and do not address the broader issue of the general appropriateness and effectiveness of the contribution and payment standards in promoting retirement income policies.

General conclusions

Option 1

There are disparate views in our membership on this topic.

In employer sponsored funds providing retained benefit options, there are processes for regular confirmation, or for contacting members after a certain period elapses without further contributions being received.

The above group generally believes that it has satisfactory processes in place, i.e. it is self-monitoring. A requirement for formal monitoring on a six monthly basis would have little impact.

Other funds do not anticipate receiving contributions other than in an employment context, but are concerned about the expense of monitoring continuing compliance with compulsory cashing standards for part-timers over the prescribed age. This group generally questions whether the trustees should have to incur the expense of checking members' status on more than an annual basis. Some have raised the question whether it should not be the responsibility of the contributor to determine the age, and eligibility for support, of the member.

Given the above views, we question whether replacement of the current informal requirements is required. Funds with retained benefits divisions are self monitoring. Other funds are unlikely to have substantial numbers of members aged over 70 and where they do, would question whether there is significant revenue risk in requiring any more than an annual declaration from members that they meet the requirements for continuing fund membership.

Option 2

There is general support among our members for replacement of the weekly work level test for those aged over 65 with a requirement for a minimum number of hours to be worked over a longer measurement period such as three months.

YOURS SINCERELY

Nicholas D J Brookes
Chief Executive Officer
CORPORATE SUPER ASSOCIATION

18 April 2002