

# CORPORATE SUPERANNUATION ASSOCIATION

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By email: supersplitting@treasury.gov.au  
The Treasury  
CANBERRA ACT 2601

Dear Sir or Madam,

## **Superannuation Contribution Splitting**

The Treasury has invited comments on the draft regulations to put into effect the Government's Superannuation Contributions Splitting Policy. This submission presents issues raised by the Corporate Superannuation Association.

### **Corporate Superannuation Association**

The Corporate Superannuation Association is Australia's representative body for corporate superannuation funds and their corporate sponsors. The Association represents 35 large corporate funds.

### **Concerns**

We realise the need to balance the interests of the member, employer and trustee and believe that the proposal achieves a reasonable compromise in regard to these competing needs. However, we have a number of concerns.

#### Defined Benefit Funds

The draft regulations appear to permit a trustee to decide if contribution splitting will be permitted. They also appear to permit the trustee to apply any restrictions or requirements on members. In this situation it seems unnecessary to preclude members with defined benefit components from participating. (Refer draft regulation 6.41.) There are a number of approaches that defined benefit funds may adopt to accommodate contribution splitting. One of these is to set up a "debit" accumulation account which is the approach many funds used to allow for the now removed superannuation contribution surcharge.

#### Allocated Surplus

We recommend a date be added to Division 6.7, Reg 6.40 (2) (b) to clarify that only surpluses allocated after 1 January 2006 are included in *splitable contributions*.

### Splitable Contributions

Reg 6.4(2) (a) appears to exclude notional employer contributions. This needs to be addressed as a fund may have a surplus and be on a contribution holiday with notional contributions being allocated to members' accounts.

### **Clarification**

We are seeking clarification of our understanding of the following in relation to the proposed regulations.

### Period of Payment

The draft regulations do not specify a period within which the trustee must comply with a direction to transfer. This seems consistent with the underlying principle that a trustee does not have to provide this facility. We support this approach, however, if a date is to be included we would recommend that it be 90 days which would ensure consistency with the portability regulations.

### Rollover, Transfer or Allotment

The amount that may be transferred to a spouse is set as a maximum of the splitable contributions in the previous financial year. This may exceed the net contribution after tax, fees and investment earnings. It seems that a trustee has the discretion to impose restrictions that may include a lower amount (eg. only 85% of splitable contributions). This seems a practical approach which we support.

We request clarification that trustees may impose such requirements under these draft regulations.

### **Conclusion**

Thank you for the opportunity to comment on the draft regulations.

For further information or clarification please contact Liz Goddard on (03) or [egoddard@optusnet.com.au](mailto:egoddard@optusnet.com.au).

Yours faithfully

Liz Goddard