

# Illegal Early Access (IEA) of Superannuation Benefits

ASFA Submission

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Association of Superannuation Funds of Australia

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**Please Note:**

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## Illegal Early Access (IEA) of superannuation benefits

The Association of Superannuation Funds of Australia Ltd (ASFA) is pleased to provide its response to the Australian Taxation Office's (ATO) paper *Illegal Early Access – Self Managed Superannuation Funds (SMSFs) Current Outlook* (the paper).

ASFA is the peak superannuation industry association representing all sectors of the Australian superannuation industry. It does so through its membership of corporate, retail, industry and public sector schemes as well service providers some of whom deal with self managed superannuation funds (SMSFs).

One of ASFA's policy principles is that ASFA supports the objective that all Australians should be members of superannuation funds that are appropriate to their needs for retirement savings and which are cost effective. ASFA views SMSFs as a legitimate part of the superannuation landscape. We are however concerned that IEA continues to be a problem across the sector.

ASFA agrees in principle with the proposed future strategies contained in the paper. However, we would like to make the following comments.

ASFA appreciates that the problem of IEA is one for the entire community. Both the general public and the superannuation industry need to be better informed on the issues around IEA. To this end ASFA plans to issue an ASFA Action – a regular electronic communiqué with its members – outlining ways in which APRA regulated funds can play a bigger role in combating IEA. ASFA will be suggesting the following actions –

- That the Super Fund Lookup register and the "Suspect Fund Listing" be checked regularly for all rollovers to funds that appear to be SMSFs
- That funds remain diligent to recognise:
  - multiple rollovers to the same SMSF
  - multiple rollovers from employees of the same employer sponsor to SMSFs, especially where it is known that the employer is either shedding employees or is involved in protracted industrial action. These rollover requests may have been preceded by multiple unsuccessful applications for early release due to severe financial hardship.

ASFA also believes that the ATO, in conjunction with the Australian Securities and Investment Commission (ASIC) needs to consider the possibility of issuing targeted communications aimed at certain groups of individuals that have in the past been the focus of some IEA promoters. For example, where employers announce large scale job losses or where it is seen through media reports or other means that employers are involved in drawn out industrial action ASFA believes it would be worthwhile for the ATO to contact the employers and employees involved to warn them that IEA promoters may seek to exploit the angst and uncertainty surrounding their circumstances.

Further to this any additional data that the ATO can share with APRA regulated funds that may provide early warning to something untoward occurring, be it rollover requests from specific postcodes that may be the destination of suspicious rollovers or the name of a specific fund that is the vehicle for the scheme would assist to some extent with timely intervention.

If you have any questions with any of the above you are welcome to call me on (02) 8079 0810 or Tony Keir Senior Policy Adviser on (02) 8079 0815.

Letter sent on 26 March 2009 to:

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