

File Name: 2018/06

23 February 2018

Retirement Benefits Unit
Retirement Income Policy Division
The Treasury
Langton Crescent
PARKES ACT 2600

via e-mail to superannuation@treasury.gov.au

Dear Sir / Madam,

Re: Consultation on the *Reversionary Transition to Retirement Income Streams* - exposure draft legislation

The Association of Superannuation Funds of Australia (ASFA) would like to lodge this submission in response to the consultation on the *Reversionary Transition to Retirement Income Streams* - exposure draft legislation (Draft Legislation).

ASFA is a non-profit, non-political national organisation whose mission is to continuously improve the superannuation system, so all Australians can enjoy a comfortable and dignified retirement. We focus on the issues that affect the entire Australian superannuation system and its \$2.5 trillion in retirement savings. Our membership is across all parts of the industry, including corporate, public sector, industry and retail superannuation funds, and associated service providers, representing over 90 per cent of the 14.8 million Australians with superannuation.

General comments

We would like to convey our appreciation to Treasury for raising this matter with Government, in response to letters from Mercer Consulting (Australia) Pty Ltd and ASFA in July and August 2017, which has culminated in the Draft Legislation.

ASFA's letter was as a result of many superannuation providers approaching us with significant concerns about the outcomes under the legislation, as currently enacted, requesting that changes be made to the legislation to ensure that the outcomes for affected members are appropriate and that providers do not incur a substantial, unnecessary, burden in administering the provisions.

Our members support the policy rationale underlying the Draft Legislation to remove the inequities between different types of members and to make the treatment of reversionary TRISs more consistent with the treatment of other reversionary income streams.

Furthermore, the Draft Legislation effectively removes the requirement for reversionary TRISs members, during a time of bereavement and loss, to have to take additional action to commute the reversionary death benefit income stream to a new income stream in order to be able to retain the appropriate tax treatment.

The proposed changes also serve to reduce significantly the operational challenges for superannuation providers of administering the legislative requirements as currently drafted.

Overall, our members strongly support the proposed amendments contained in the Draft Legislation and consider they achieve their stated objective.

Thank you for the opportunity to provide comments on the *Reversionary Transition to Retirement Income Streams* - exposure draft legislation.

Should you wish to discuss any aspect of the exposure Draft Legislation with ASFA please do not hesitate to contact me on (03) 9225 - 4021 or 0431 490 240 or via fgalbraith@superannuation.asn.au.

Yours sincerely

Fiona Galbraith
Director, Policy