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AUSTRALIA ENACTS SUPERANNUATION PROTECTIONS

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Australia's new "Protecting Your Superannuation" [law](#), effective 1 Jul 2019, will present implementation challenges for pension funds, which must send notices to members in April and/or May 2019.

Highlights of the changes include the following:

- *Insurance restrictions on inactive accounts.* Superannuation funds will be restricted to providing insurance on an opt-in basis for accounts that haven't received a contribution for at least 16 months, up from 13 months. Technically, this also applies separately to MySuper and Choice components, presumably requiring a decision on which component the insurance is attached.
- *A new Australian Tax Office (ATO)-based consolidation process.* All inactive low-balance accounts must be transferred to the ATO. These are accounts that:
 - Have a balance of less than AUD \$6,000
 - Aren't related to a defined benefit interest
 - Don't have insurance
 - Haven't received a contribution in the previous 16 months
 - Don't meet a condition of release specified in regulations that are yet to be published
 - Haven't experienced (after the amendments) any of the following extra activity tests in the previous 16 months:
 - › A change in the member's choice of fund investment options
 - › Changes to the member's choice of insurance coverage under the fund
 - › Nomination or amendment of a binding beneficiary
 - › Written member notification to the ATO that the member wasn't a member of an inactive low balance account

- › An amount due to the fund for a member, for example, superannuation guarantee contributions

The ATO will be given powers to reunite ATO-held accounts with an active account in the member's name if the consolidated balance would amount to AUD \$6,000 or more. Also, the amendment requires the ATO to transfer any balance to an eligible active account within 28 days of identifying the account.

RELATED RESOURCES

- [Treasury Laws Amendment \(Protecting Your Superannuation Package\) Bill 2018](#) (Parliament of Australia, 3 Mar 2019)

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