

Start Finance Issue: Summer 2017/18

In this edition, we take a look at what is Lost Superannuation & some statistics around this, Superannuation changes post 1st July 2017 and some statistics around Australia's Superannuation Industry as at the end of September 2017 quarter.

“Lost Superannuation” waiting to be claimed

ATO records as at June 30, 2017 have revealed that almost \$18 billion of lost super is waiting to be claimed. Figures released in late September by the Australian Taxation Office (ATO) has revealed as of June 30 this year, super funds held a massive \$14.12 billion in lost super money and the ATO held another \$3.75 billion of unclaimed super.

Liverpool, Campbelltown, Surry Hills, Darlinghurst and Bondi in Sydney feature among the top 10 locations nationally for unclaimed funds. As at June 30, the Australian Tax Office held records of more than 6 million lost and unclaimed accounts. ATO records show that Mackay and Cairns and surrounding areas have the most lost super nationally. Each area has more than \$60 million in lost super.



Super becomes lost because, among other causes, members change jobs or addresses without telling their funds or join new funds as a result of new employment.

Super funds are required to inform the ATO of lost accounts so that it can use its extensive data-matching powers, including tax file numbers, to find the owners.

Lost Super : - a super account is deemed "lost" if the fund cannot make contact with the account owner and there is no activity on the account. By law, after a period, lost super accounts with less than \$6000 in them are automatically transferred to the ATO & considered to be 'unclaimed super'.

The reason lost super accounts are transferred to the ATO is to reduce the impact of fees which can quickly eat into small account balances. For super account balances transferred to the ATO there are no fees & balances are credited with interest calculated using the consumer price index (CPI).

Unclaimed Super : - for the first time, the ATO is publishing unclaimed super accounts, in addition to lost super accounts held by funds. Unclaimed Super accounts are held by the ATO where the fund is unable to contact the member or the member's account has not received contributions depending on particular member circumstances. Accounts of this nature are transferred to the ATO to protect the funds from ongoing fees and to ensure members are provided with the opportunity to be reunited with their lost funds.

To find out how to manage your super and view all your super accounts, including lost and unclaimed super accounts, visit www.ato.gov.au/checkyoursuper

Top ten postcodes

Top ten postcodes for unclaimed super			
Post code	Suburb	Total Accounts	Total Value \$
		(Fund & ATO held)	(Fund & ATO held)
4740	Mackay & surrounding areas	13,338	\$62,200,085.81
4870	Cairns & surrounding areas	18,488	\$61,443,957.97
2170	Liverpool & surrounding suburbs	13,994	\$59,059,569.98
4350	Toowoomba & surrounding areas	15,049	\$56,643,720.93
3030	Werribee & surrounding suburbs	11,296	\$56,218,218.03
2560	Campbelltown & surrounding suburbs	12,198	\$51,076,992.89
6210	Mandurah & surrounding suburbs	11,759	\$47,596,304.32
2010	Surry Hills & Darlinghurst	9,742	\$45,072,338.52
2026	Bondi & surrounding suburbs	10,530	\$44,442,083.51
3977	Cranbourne & surrounding suburbs	11,258	\$44,419,072.78

Source: ATO

1: "Australian Tax Office (ATO)" - 21st September 2017

[https://www.ato.gov.au/Media-centre/Media-releases/Almost-\\$18-billion-of-super-waiting-to-be-claimed/](https://www.ato.gov.au/Media-centre/Media-releases/Almost-$18-billion-of-super-waiting-to-be-claimed/)

Still confused about superannuation and how the July 1 changes this year affect you?

The basics are that you're now restricted to tax-concessional (pre-tax) contributions of just \$25,000 a year and only \$1.6 million can be transferred to pension phase and get the benefit of no tax on earnings and capital gains. But the changes are much more nuanced, requiring more paperwork, planning and decision-making.

How the new super rules will affect you

Previous rule	From 1 July 2017
Pre-tax (concessional) contributions**	
Contribution cap of \$30,000 a year; \$35,000 if you're 50 or over	Cap of \$25,000 a year for everyone
Use annual cap or lose it - no catch-up option	Catch-up contributions from 1 July 2018 on rolling 5-year basis if your total super balance is less than \$500,000
15% tax on contributions if you earn less than \$300,000; 30% if you earn more	30% contributions tax kicks in at \$250,000
Tax deduction for personal contributions for those earning less than 10% of their income from employment	Tax deduction for personal contributions for everyone
Voluntary contributions not allowed if you're 65 or more and not working	Unchanged
Low Income Super Contribution - refund of contributions tax for those earning up to \$37,000	Refund of contributions tax for those earning up to \$37,000 now called Low Income Super Tax Offset
After-tax (non-concessional) contributions	
Contribution cap of \$180,000 a year. "Bring-forward" rule allows 3 years of contributions to be made in one year if you're under 65, i.e. \$540,000	Contribution cap of \$100,000 a year if total super balance is less than \$1.6 million. Bring-forward period of up to 3 years if you're under 65, i.e. up to \$300,000, depends on your total super balance
Additional CGT cap (\$1.415 million in 2016-17) for eligible small business owners	Unchanged, but cap is \$1.445 million in 2017-18
Tax offset for spouse contributions if spouse earns less than \$13,800	Tax offset for spouse contributions if spouse earns less than \$40,000
Retirement phase	
No limit on how much can be moved into pension phase	Transfer balance cap of \$1.6 million
Fund earnings tax-free; pension payments tax-free from 60	Unchanged
Transition to Retirement pensions	
Fund earnings tax-free; pension payments tax-free from 60	Not in retirement phase, thus fund earnings taxed at up to 15%. Pension payments tax-free from 60

Super death benefits

Anti-detriment payment, i.e. effectively a refund of contribution tax paid by deceased, may be paid on death	Anti-detriment payments abolished, unless member dies before 1 July 2017 and payment made by 1 July 2019
Eligible beneficiaries may take an unlimited amount as a death benefit income stream	Transfer balance cap limits death benefits payable as an income stream
Death benefits cannot be rolled over	Death benefits can be rolled over to immediately commence a pension
<p>* Unless otherwise stated</p> <p>** Includes compulsory Superannuation Guarantee, salary sacrifice contributions and personal tax deductible contributions</p>	

Source: Perpetual Private & Fairfax Media

Australia's Superannuation hit \$2.5 trillion

Australian's superannuation assets have hit \$2.5 trillion for the first time, according to the latest APRA statistics issued **21st November 2017**.

APRA figures show an 8.7% increase over the 12 months from September 2016 from \$2.3 trillion to \$2.5 trillion in total superannuation assets.

That's more than Australia's Gross Domestic Product (around USD\$1.2 trillion) or the total market capitalisation of all the stocks listed on the ASX.

Total assets in MySuper products also increased significantly, **up 24% to \$610.2 billion**. The self-managed superannuation fund sector also recorded an increase from **\$651.1 billion to \$701.6 billion (up 7%)**. Superannuation funds received a total of \$117.2 billion in contributions, and paid out \$74.4 billion in benefit payments for the year ending 30 September 2017.

Key statistics for the superannuation industry as at 30 September 2017:

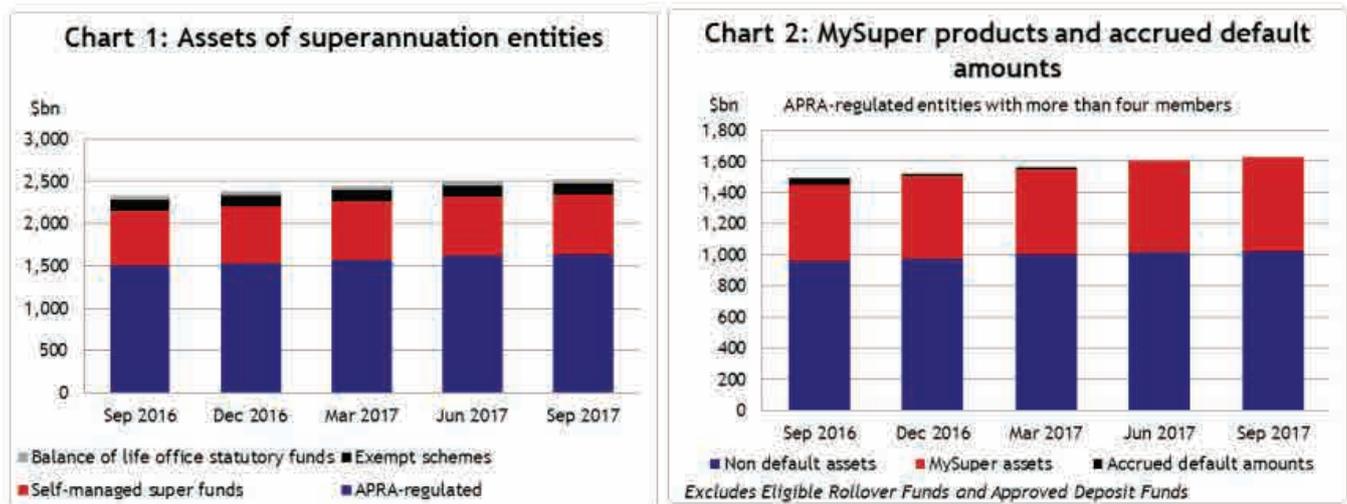
Suburb	September 2016	September 2016	September 2016
Total superannuation assets	\$2,327.0 billion	\$2,529.8 billion	+8.7%
Total APRA-regulated assets	\$1,500.0 billion	\$1,637.2 billion	+9.1%
Of which: total assets in MySuper Products	\$492.2 billion	\$610.2 billion	+24.0%
Total self-managed super fund assets	\$651.1 billion	\$701.6 billion	+7.8%

Australia's growing retirement savings pool has recently caught the attention of the nation's business leaders and financiers, who are calling on superannuation funds to provide long-term capital to Australian businesses and projects.

Superannuation assets totalled \$2.5 trillion at the end of the September 2017 quarter.

Over the 12 months from September 2016 there was an 8.7 per cent increase in total superannuation assets (Chart 1).

Total assets in MySuper products totalled \$610.2 billion at the end of the September 2017 quarter. Over the 12 months from September 2016 there was a 24.0 per cent increase in total assets in MySuper products.



Source : APRA – Stats, Quarterly Super Performance – Sept 2017 2

1: APRA releases superannuation statistics for September 2017, 21st Nov 2017

http://www.apra.gov.au/MediaReleases/Pages/17_48.aspx

2. APRA – Stats, Quarterly Super Performance – Sept 2017

<http://www.apra.gov.au/Super/Publications/Documents/1711-QSP-1709.pdf>



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