

OVERVIEW

During the 2007–08 financial year:

- the number of self-managed superannuation funds grew by 8.7% while the total value of assets held by these funds grew by an estimated 7.0%
- there were 1.3 million co-contribution entitlements determined and paid, totalling \$1.2 billion, and
- the lost members register continued to grow with the total value of lost accounts increasing by 8.4%, from \$11.9 billion on 30 June 2007 to \$12.9 billion on 30 June 2008.

INTRODUCTION

Superannuation is a specifically designed long-term investment vehicle for individuals' retirement savings. The retirement income system includes:

- a compulsory element of superannuation, the superannuation guarantee – this requires employers to contribute a minimum level to their employees' superannuation accounts
- a voluntary level of superannuation encouraged by tax concessions and the government's co-contribution scheme, and
- the age pension and associated social security arrangements that provide an income safety net for retirees.

The ATO plays a major role in administering the compulsory and voluntary elements of the superannuation system. During the period covered by these statistics, the ATO has responsibility for:

- income tax on superannuation funds (reported in chapter 4)
- the other income tax aspects of superannuation
- the superannuation guarantee
- the superannuation holding accounts special account
- the lost members register
- unclaimed superannuation monies
- departing Australia superannuation payments
- the regulation of self-managed superannuation funds
- the co-contributions system
- excess contributions tax on individuals
- the superannuation contributions surcharge, and
- the termination payments surcharge.

An increasing number of Australians are directly affected by Australia's superannuation system tax regime. By 30 June 2008, approximately 93% of employees had some form of superannuation. There were:

- approximately 1.35 million registered employers
- 394,206 superannuation funds, and
- \$1,172 billion in total assets held by superannuation funds.

As at 30 June 2007, there were approximately 30.4 million member superannuation accounts. During the 2006–07 financial year there were:

- \$56.3 billion in member contributions
- \$64.7 billion in employer contributions, and
- \$41.1 billion in member benefit payments.

For information reported by superannuation funds for the 2006–07 income year, see Chapter 4.

NEW FEATURES AND INFORMATION

On 10 May 2006, a major reform of the superannuation system was announced. These measures saw a significant increase in personal contributions during the 2006–07 financial year.

In December 2006, the then Treasurer announced an additional measure to improve arrangements in respect to unclaimed superannuation. This additional measure came into effect from 1 July 2007 and required private sector funds to report and pay unclaimed superannuation to the ATO.

SUPERANNUATION GUARANTEE SCHEME

The superannuation guarantee scheme requires employers to provide the following to their employees:

- a prescribed minimum level of superannuation support for each eligible employee to a complying superannuation fund or retirement savings account, and
- a choice of superannuation fund that their entitlements are paid to.

Some employees are not eligible for superannuation guarantee contributions because of low salary or wages, age or hours of work.

Most employees can choose the fund they want employers to pay their superannuation contributions into. Employers must provide a *Standard choice form* (NAT 13080) to new employees, who are eligible to choose a superannuation fund, within 28 days of the day they start working. Once an employee chooses a fund, employers have two months to arrange to pay contributions into that fund.

Employers who fail to provide a minimum level of superannuation support (or to meet their choice of superannuation fund obligations) for all eligible employees, are liable to pay a non-deductible superannuation guarantee charge. This charge is equal to:

- the employer's total superannuation guarantee shortfalls
- the choice of superannuation fund liability, if any
- an interest component of 10% per annum calculated from the beginning of the quarter relating to the shortfall to the 28th day of the second month following the end of the quarter, or the date of lodgment of the superannuation guarantee statement (whichever is later), and
- an administrative fee for each employee not fully covered of \$20 per employee per quarter.

The ATO collects the superannuation guarantee charge from employers and facilitates the transfer of the shortfall component, plus interest, to their employees' relevant superannuation accounts. In addition to the superannuation guarantee charge, penalties may apply.

Table 15.1: Superannuation guarantee charge collections and distributions, 2006–07 and 2007–08 financial years

	2006–07	2007–08
Superannuation guarantee	\$m	\$m
Charge collections	238	288
Entitlements distributed	209	323

SUPERANNUATION HOLDING ACCOUNTS SPECIAL ACCOUNT

The superannuation holding accounts special account (special account) closed to new employer superannuation guarantee deposits on 30 June 2006. However, the special account still contains accounts where a holder has not yet transferred their money to a superannuation fund or retirement savings account.

The special account may also receive unclaimed superannuation guarantee and superannuation co-contribution amounts.

At the end of the 2007–08 financial year, the total value of accounts in the special account was \$63.6 million. Some 192,087 accounts (or 37.1% of individual accounts) had balances of more than \$0, with an average value of \$320 per account. There were also 325,787 or 62.9% of accounts with a \$0 balance, representing account balances transferred to a superannuation fund or paid to an individual or inactive accounts transferred to consolidated revenue.

Deposits into the special account in 2007–08 totalled \$25.7 million. The majority of this money was a result of the transfer of unclaimed superannuation guarantee amounts, as well as some stale cheques and money returned from funds.

Transfers from the special account in 2007–08 totalled \$10.0 million and the majority of this money was paid to superannuation funds and retirement savings accounts. Inactive special accounts were also transferred to consolidated revenue and recorded on the lost members register. An inactive account is one where there has been no activity on the account for ten consecutive financial years.

Table 15.2: Individual account balances in the superannuation holding accounts special account, 2006–07 and 2007–08 financial years¹

Individual account balance	2006–07		2007–08	
	No.	\$m	No.	\$m
\$0	302,699	0	325,787	0
\$1–\$100	58,329	3	77,495	4
\$101–\$500	62,413	14	82,709	19
\$501–\$1,000	13,165	9	19,346	14
\$1,001 or more	7,887	16	12,537	25
Total of account balances more than \$0²	141,794	42	192,087	62

1 The total value of accounts in the superannuation holding accounts special account is generally more than the total value of individual accounts due to money awaiting distribution to individual accounts or transfer to superannuation funds. The total value at the end of 2006–07 was \$47.8 million and at the end of 2007–08 was \$63.6 million.

2 The total of account balances may not add to the sum of the components due to rounding.

LOST MEMBERS REGISTER

The ATO maintains a register of accounts that superannuation funds have classified as 'lost'. Superannuation funds report members as lost when they have received unclaimed mail for the member and/or when the account has not shown activity for some time.

At the end of the 2007–08 financial year, there were 6.4 million accounts on the lost members register, with a total value of \$12.9 billion. During the 2007–08 financial year, the ATO sent 2.2 million letters to members and reviewed over 290,000 accounts by phone with members. This led to the removal of about 256,000 lost accounts worth \$1.359 billion from the register, with a further 717,684 removed through other means. Despite the removal of these and other accounts, there was a net increase of 315,325 in the number of accounts, as approximately 1.3 million additional accounts were reported as 'lost'.

Table 15.3: Lost members register accounts, 2006–07 and 2007–08 financial years

Financial year	2006–07	2007–08
Accounts removed during the year (no.)	1,767,417	973,684
Accounts at 30 June (no.)	6,104,039	6,419,364
Closing value at 30 June (\$m)	11,900	12,900

UNCLAIMED SUPERANNUATION MONIES

In general terms, unclaimed superannuation monies are amounts which are payable, in respect of:

- members who have reached eligibility age (currently age 65) and whose accounts are inactive,
- non-member spouses who are entitled to a splittable payment, or
- members who have died and whose accounts are inactive; where the superannuation provider is unable to ensure that the money will be received by the person who is entitled to it. (Note "inactive accounts" is not the same definition as "inactive member" as defined for lost member.)

Before 1 July 2007, the ATO administered unclaimed superannuation payments solely on behalf of Australian Government superannuation funds. However, from 1 July 2007, private sector superannuation funds must now also report and pay unclaimed superannuation to the ATO rather than to the relevant state and territory authorities as was the situation previously.

State and territory government superannuation schemes may be required to report and pay unclaimed superannuation to the ATO, subject to relevant state and territory law. The unclaimed superannuation amount is held as administered revenue, pending payment to claimants.

Table 15.4: Unclaimed superannuation, 2007–08 financial year

Financial year	2007–08
	No.
Accounts at 30 June	5,900
Closing value at 30 June (\$m)	7.1

SELF-MANAGED SUPERANNUATION FUNDS

The ATO assumed regulatory responsibility for self-managed superannuation funds following amendments to the *Superannuation Industry (Supervision) Act 1993* in October 1999.

Generally, the *Superannuation Industry (Supervision) Act* defines a self-managed superannuation fund according to the following criteria:

- it has four or fewer members
- no member of the fund is an employee of another member of the fund, unless they are related
- each member is a trustee, and
- no trustee of the fund receives any remuneration for their services as a trustee.

A self-managed superannuation fund can have a company as a trustee (known as a corporate trustee).

While self-managed funds make up 98% of all superannuation funds, they only represent around 2% of total superannuation member accounts. Self-managed funds now hold 31% of all assets in the Australian superannuation system, making them the largest sector in the superannuation industry.

At the end of 2007–08, there were 387,936 self-managed funds, with approximately 746,000 members. The majority (90%) of self-managed funds have one or two members. In 2007–08 approximately 33,250 new funds were registered, compared to around 46,000 in the previous financial year. The net growth in the number of self-managed funds was 8.7%, with a net growth in assets of 7.0%.

Table 15.5: Self-managed superannuation fund demographics, 2006–07 and 2007–08 financial years

Financial year	2006–07 ¹	2007–08
Funds (no.)	356,945	387,936
Members ² (no.)	684,577	746,318
Assets (\$m)	334,927	358,269

1 2006–07 figures have been updated. Assets rose due to the surge in member contributions in the 2006–07 financial year, following the superannuation simplification measures announced in the May 2006 budget.

2 Estimates based on ATO data.

Table 15.6: Number of members in self-managed superannuation funds, 2005–06 and 2006–07 financial years

Number of members	Proportion of funds (%)	
	2005–06	2006–07
1	20.2	20.7
2	69.2	69.2
3	5.3	5.0
4	5.3	5.1

Asset allocation only shifted slightly between 2005–06 and 2006–07, with the biggest increase seen in assets allocated to cash and term deposits (a 3.2% increase in assets allocated to this asset type). In the same time, the value of assets allocated to other trusts fell slightly with 1.8% of assets moved from this asset type.

Table 15.7: Asset allocation across self-managed superannuation funds, 2005–06 and 2006–07 financial years¹

Asset type	2005–06	2006–07
	%	%
Life insurance policies	0.1	0.1
Other managed funds	6.7	6.1
Overseas assets	0.7	0.7
Real property	10.5	10.6
Other property	0.4	0.3
Listed shares and equities	34.2	34.7
Unlisted shares and equities	1.7	1.5
Public trusts	11.4	10.4
Other trusts	9.0	7.2
Cash and term deposits	22.1	25.3
Loans	0.6	0.5
Other	2.6	2.6
Total²	100.0	100.0

1 2007–08 fund tax return information not available.

2 Total component percentages may not add to 100% due to rounding.

SUPERANNUATION CO-CONTRIBUTION

The superannuation co-contribution has operated since 1 July 2003. It is intended to help low and middle income individuals to save for their retirement. If an eligible person makes personal superannuation contributions, the government will match their contributions with a co-contribution, subject to certain limits.

From 1 July 2007, eligible persons with total income below \$28,980 received a co-contribution of \$1.50 for every dollar of personal contributions – up to a maximum co-contribution of \$1,500. The co-contribution reduces by five cents for each dollar earned above \$28,980, phasing out at the higher income threshold of \$58,980. In 2007, the measure was also extended to eligible people who were self-employed. The income thresholds are indexed annually.

A co-contribution entitlement is determined and paid, generally to an individual's superannuation account, once the ATO matches an individual's income tax return with the member contribution information supplied by a superannuation fund or retirement savings account provider. As income tax return and member contribution information are lodged with the ATO after the end of the relevant income year, the payment of a co-contribution usually occurs in the following income year.

The number of co-contribution entitlements determined and paid in the 2007–08 financial year grew by 11.0% compared to the 2006–07 financial year.

Table 15.8: Co-contribution entitlements determined and paid, 2006–07 and 2007–08 financial years¹

Co-contribution	2006–07		2007–08	
	No.	\$m	No.	\$m
Total	1,177,211	1,858²	1,306,360	1,153

¹ Co-contribution entitlements determined and paid in the financial year relate to personal contributions made in previous income years. The figures in this table refer to payments of original entitlements and do not include credit amendments or interest.

² Includes \$906m of entitlements determined and paid in respect of 1,117,056 beneficiaries as a result of amendments made to superannuation co-contribution laws by the Superannuation Laws Amendment (2007 Budget Co-contribution Measure) Act 2007.

During 2007–08, 60% of individuals who were paid co-contributions were female, and 31% of these women were aged between 46 and 55.

Table 15.9: Number of co-contribution entitlements determined and paid, by age and sex, 2007–08 financial year¹

Age range	Female No.	Male No.	Total No.
Under 21	29,327	37,350	66,677
21–25	51,407	46,515	97,922
26–30	51,056	37,222	88,278
31–35	69,659	41,374	111,033
36–40	85,394	46,291	131,685
41–45	108,335	57,019	165,354
46–50	119,975	63,884	183,859
51–55	124,187	69,039	193,226
56–60	100,835	70,475	171,310
61–65	39,502	41,623	81,125
66–70	6,718	9,173	15,891
Total	786,395	519,965	1,306,360

¹ Co-contribution entitlements determined and paid in 2007–08 relate to personal contributions made in the 2003–04, 2004–05, 2005–06 and 2006–07 income years.

EXCESS CONTRIBUTIONS TAX

From 1 July 2007, caps on superannuation contributions have replaced reasonable benefit limits. These are the concessional contributions cap and the non-concessional contributions cap. Excess contributions tax is levied on contributed amounts in excess of the caps.

As part of this reform, there was a limited opportunity to contribute up to \$1 million to superannuation between 10 May 2006 and 30 June 2007. This is likely to be reflected in a large increase in member contributions during this period.

The only assessments made during 2007–08 were those at the request of clients for the purpose of seeking the Commissioner's discretion to reallocate or disregard contributions.

SUPERANNUATION SURCHARGE

The superannuation surcharge has been repealed. The surcharge does not apply to superannuation contributions made, or termination payments received, on or after 1 July 2005. However, the surcharge still applies and continues to be collected in respect of contributions made before that date.

The surcharge was generally imposed on certain employer superannuation contributions, deductible personal contributions and certain termination payments. It only applied for high income earners whose taxable income, reportable fringe benefits amounts and surchargeable contributions together exceeded a certain threshold (\$99,710 in 2004–05).

In 2004–05, a maximum surcharge rate of 12.5% applied for adjusted taxable incomes that exceeded a higher income amount of \$121,075. The rate reduces to nil for adjusted taxable incomes under the lower income amount of \$99,710.

Table 15.10: Surcharge assessments issued and net collections, 2006–07 and 2007–08 financial years¹

Surcharge assessments	2006–07		2007–08	
	No.	\$m	No.	\$m
Total	755,363	699	256,044	143

1 2006–07 and 2007–08 figures relate to surcharge assessments in respect of 2004–05 and previous years.

SOURCE OF SUPERANNUATION STATISTICS

The statistics in this chapter are sourced from the various superannuation systems, fund income tax and regulatory returns processed by 30 June 2008, and the Australian Business Register. Most of the statistics reported in the introduction section of this chapter are sourced from the Australian Prudential Regulation Authority publications, *Quarterly superannuation performance June 2008* and *Annual Superannuation Bulletin June 2007*.

Statistics reported in the self-managed superannuation funds tables have been updated for 2006–07 and prior years to incorporate data received and processed by 30 June 2008. These statistics cannot be compared to those in previous editions of *Taxation statistics*.

A copy of the fund income tax and regulatory return form is in the appendix. It may be viewed or downloaded in PDF file format from the attached CD-ROM or from the online version of *Taxation statistics* on our website at www.ato.gov.au

LIST OF SUPERANNUATION DETAILED TABLES

The following detailed tables are on the attached CD-ROM and included in the online version of this publication on our website. The tables may be viewed or downloaded in Adobe Acrobat (PDF) or Microsoft Excel (XLS).

Table 1: Superannuation holding accounts special account, 2000–01 to 2007–08 financial years

This table details the number and value of deposits, the number and value of individual accounts and the total value of the superannuation holding accounts special account for the 2000–01 to 2007–08 financial years.

Table 2: Selected self-managed superannuation funds demographics, 1999–2000 to 2007–08 financial years

This table details the number of funds, number of members and total value of assets for self-managed superannuation funds for the 1999–2000 to 2007–08 financial years.

Table 3: Postcodes of beneficiaries of superannuation co-contributions, 2007–08 financial year

This table contains details of the state and postcodes of individuals who had a superannuation co-contribution both determined and paid during the 2007–08 financial year. Postcodes and state codes used to compile this information were obtained from income tax postal addresses.