

Good afternoon,

I am a new financial planning business, Surf Coast wealth Management, and have worked in the industry in one capacity or another for close to 10 years. I believe that there is a systemic issue that runs through the industry that perhaps could be addressed by your Superannuation Inquiry.

It is my experience that Funds, most notably industry funds, have a tendency to try to profit from administration errors.

I have had clients roll their superannuation savings to a new account, only to have the employer, for one reason or another, send their superannuation guarantee to the fund that their employee had just left. The consequence has been that administration fees, taxes and insurance premiums have been deducted, in one case 3 months' worth, from the client's new account.

Given that a member with the same details, name, date of birth, address, employer ... had recently closed an account with their fund, should be enough of a red flag for more enquiries to be made by the accepting fund. This should be done prior to any contribution being deposited into an account.

There is obviously a work around, but it should not have to get that far. And if the member is not aware of the work around or does not have the representation of an industry professional, they can suffer considerable losses to their retirement savings.

In one of my cases, a client had closed an account when a quarters worth of sg contributions were made to her previous fund. This was approximately 2 weeks after the initial roll out, and \$600 worth of fees premiums and taxes had been deducted upon deposit. When she made enquiries with the fund, she was told to ensure that the employer had the correct details of her new fund going forward and that she could roll the monies over to her new fund any time, again incurring a new exit fee.

Had she not had representation, ie an ordinary member of a fund who was consolidating funds, she may very well have accepted the loss. I'm sure there would be members of funds who have done exactly that.

I appreciate your consideration and hope that I have provided sufficient details for you to consider a less cumbersome and costly remediation to a situation as I have described.

Kind regards

Daniel Twentyman