

## **HOUSE OF REPRESENTATIVES STANDING COMMITTEE ON ECONOMICS**

### **REVIEW OF THE FOUR MAJOR BANKS AND OTHER FINANCIAL INSTITUTIONS SUPERANNUATION SECTOR**

#### **AMP**

#### **AMP30QW:**

At what point is it reasonable to conclude that an account is no longer receiving contributions from an employer?

#### **ANSWER:**

AMP recognises that members' employment patterns are increasingly complex, and that it can be difficult to determine if contributions have ceased. For example, valid reasons why employer contributions do not occur on a quarterly basis may include periods of unpaid or parental leave, part-time and casual work, or other forms of broken work patterns. We expect this to increase as work patterns become increasingly diverse.

The primary indicator of inactivity is a gap in the legislated requirement for employers to make contributions each quarter.

It would be reasonable to conclude that an account is no longer receiving contributions after 15 months of inactivity. This allows for a full twelve months for parental leave, plus three months for a gap in employer contributions. This is consistent with the rationale behind the Protecting Your Super legislation which determines an account inactive following 16 months of no new contributions.