

HOUSE OF REPRESENTATIVES STANDING COMMITTEE ON ECONOMICS

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

Sunsuper

SS24QW:

- a. Does the fund maintain a reserve at least partially funded through insurance premiums, rebates from an insurance company (such as profit share arrangements) or tax benefits that have arisen from insurance?
- b. The total value of that reserve?
- c. The total value of tax rebates received from the ATO on insurance premiums?

Answer:

- a. Yes – Sunsuper maintains an insurance reserve in line with the Insurance in Superannuation Voluntary Code of Practice.
- b. The value of the Insurance reserve as at 30 June 2019 was \$4.5m.
- c. The fund is not entitled to any tax rebates on Insurance premiums. The Fund is however able to claim tax deductions for insurance premiums paid.

For the 30 June 2019 financial year, the fund paid \$372.8m in deductible premiums. The estimated tax benefit of this deduction (at a tax rate of 15%) is \$55.9m.

Sunsuper passes the benefit of tax deductions relating to insurance premiums (and administration fees) to members by treating these amounts as a deductible amount against each member's taxable contributions, noting this is not widespread practice.