



Managing the hidden risks of Successor Fund Transfers

Successor Fund Transfers can create major disruptions, especially when planning falls short. This handy guide explores where things can go wrong and what funds can do to minimise the impact.

Successor Fund Transfers (SFTs) are on the rise in the superannuation industry – and so are disruptions to employer contributions. From widespread contribution refunds to member confusion, recent SFTs and service provider transitions have interrupted the network flow.

While regulatory, legal and strategic matters tend to take centre stage for superannuation funds during a significant transition, the operational flow-on effects can't be an afterthought.

Members and employers increasingly expect more from super funds, including the technology that underpins their operations. With growing regulatory demands and tighter compliance windows under Payday Super, funds need to rethink the often overlooked areas of SFTs.

[The Gateway Network Governance Body \(GNGB\)](#) is responsible for safeguarding the Superannuation Transaction Network (STN), promoting strong governance and data integrity across the system. This includes addressing the impacts of SFTs on both employer contributions and the STN.

In this guide, we explore how SFTs impact the STN, employers and members who rely on it for the secure transfer of member data and funds. It also outlines practical ways funds can minimise disruptions.

What is a Successor Fund Transfer?

An SFT is when one super fund transfers its members' accounts to another fund. This usually happens due to a merger or fund closure. Though these transitions are designed to protect members' interests, they can also create challenges behind the scenes.

An SFT changes where contributions need to be paid and how messages are exchanged across the system. This impacts employers and their service providers, clearinghouses, gateway operators and anyone involved in ensuring members' contributions reach the right account. When the required updates are communicated poorly, late or not at all, the system's flow can break down – causing confusion and disruption.

Many of the same issues can happen when a fund remains open but transitions to a new administrator.

During these events, timing and collaboration are crucial. Funds, employers, gateway operators, payroll providers, software providers and administrators all have a role to play and the STN is the vital link that keeps everything connected.

The importance of early communication

When a fund doesn't update the system early enough, the effects aren't just technical, they ripple across the entire network.

As part of the SFT protocol, the Australian Taxation Office (ATO) requires that transferring funds use the Fund Validation Service (FVS) to update their Unique Superannuation Identifier (USI) details*. This should

occur at least 28 days before the effective date, to ensure all stakeholders can prepare for the change.

The STN runs on digital ‘conversations’ – requests and responses exchanged between systems. However, once a fund closes, it stops receiving messages. When funds fail to update their USI or do so too late, gateway operators don’t have sufficient time to update systems or support employers to redirect contributions.

Unaware of the change, employers may continue to send contributions using the inactive USI, resulting in message failures known as ‘orphaned data’. Some gateways can ‘catch and hold’ these messages until processing on the new USI is live, but only if they are informed early enough to prepare.

The Protocol Gap

It’s clear there’s a gap in the current SFT framework: while protocols exist, they’re not consistently enforced. Without strong accountability, many funds focus on internal priorities, leaving the broader industry without sufficient time to prepare for the impacts.

Without a home, contributions are returned to the sender. This can trigger mass contribution reversals and refunds. In a recent case, poor fund planning resulted in over 4,000 contribution refunds to employers in a single day – a sign the system wasn’t ready.

Missed employer obligations

When employers are left in the dark about fund transfers and locked out during blackout periods (when transactions can’t be processed), they’re unable to send contributions to the correct destination. This is especially risky for employers making ‘choice’ contributions where the new fund may be harder to identify.

Employers are unable to comply with their superannuation guarantee (SG) obligations if they can’t ensure contributions are received by the employee’s super fund. With the upcoming introduction of [Payday Super](#) (on 1 July 2026), the stakes are higher as employers will need to meet SG deadlines more frequently. This makes effective SFT planning more critical than ever, as blackout periods are more likely to overlap with SG due dates.

In short, the system is tightening, and the cost of poor planning is rising.

Members also feel the disruption

Members face their own uncertainty during transitions. When their old account closes and the new one isn’t visible yet, many fear the worst. We’ve seen members

raise concerns that their super may have been lost or stolen. Without clear communication or a way to check their balance during the transition, confusion can quickly turn into distress.

For funds, this means more calls, more complaints – and reputational damage that can persist long after the transfer is complete.

Common mistakes funds make during an SFT

Here are five key SFT planning missteps we see and how funds can avoid them:

- 1. Late Fund Validation Service updates:** Delayed updates leave gateway operators scrambling and employers flying blind, putting timely SG contributions at risk.
- 2. Poor communication:** Relying on a single channel or assuming members will notify employers can lead to widespread employer unawareness and/or confusion.
- 3. Blackout periods:** Temporarily halting contribution processing is rarely best practice, the impacts of which we explored earlier in this guide.
- 4. Transitioning during peak periods:** Scheduling transitions during peak contribution periods, such as around SG quarterly deadlines or end-of-financial-year, can add unnecessary pressure to the system.
- 5. Neglecting system plumbing:** Prioritising fund accounting needs over the integrity of the STN can backfire, resulting in costly remediation.

Practical steps funds can take

For a smooth and successful transition, SFT planning and communication must begin early. The following steps can help funds minimise disruption, support employers and ease the transition for members.

Each step strengthens a part of the network. Together, they help keep employers contributing, members informed and transitions on track.

Engage GNGB or gateway operators as well as other service providers such as fund administrators, well before the SFT date, to support employer communication and minimise network error messages. Information to communicate includes:

- USI(s) closing as well as the USI(s) for the successor fund(s).
 - Date at which the last transactions will be accepted.
 - Date at which the successor fund(s) will accept transactions for their new members.
- Who will be responsible for catching messages during any blackout period.
- Where employers can go to ask questions during and in the lead up to the transition.
- How the fund plans to manage response messages after the USI is closed.

Start early conversations

Use layered communications

Combine different channels: STN updates, ATO networks, clearinghouse alerts, direct employer messages, and member SEN obligations. There are many and varied channels that funds can make use of to increase awareness of these changes.

Understand employer risk profile

Profile your employer base, especially those making 'choice' contributions. Build a strategy to reach them directly.

Support continued member access

Offer balance visibility and transition updates throughout the change. Consider offering temporary 'after closure' services, such as member services staff who are available to talk through transition issues and provide reassurance for members who are concerned.

Minimise administration blackout periods

Prioritise the ability for employers to make contributions throughout all stages of the SFT process. Explore 'catch and hold' options for contributions and messages, your gateway operators and administrators can help you here. Consider a parallel run of old and new USIs in the lead up to the transfer date.

Avoid high-volume dates

Don't schedule transfers close to SG due dates, the end of financial year, or calendar year close. Transaction volumes peak around this time and can add to the extent of employer refunds.

Turn disruption into opportunity

As the industry continues to consolidate, SFTs are not going away. However, how the industry manages these transitions can set a new standard for governance, transparency and trust. We encourage superannuation funds to consider the recommended steps as a critical component of delivering members' best interests.

GNGB invites regulators, funds and service providers to join this conversation and collaborate on establishing a best practice approach that minimises network disruptions and delivers the best outcomes for all superannuation members.