



**ASIC**

Australian Securities & Investments Commission

## CONSULTATION PAPER 122

# Superannuation forecasts: ASIC relief and guidance for super funds

October 2009

### About this paper

This consultation paper seeks feedback from super funds, consumers and other interested parties on our proposals for facilitating the provision of superannuation forecasts by super funds to their members.

It includes a draft regulatory guide that:

- explains the relief we propose to give to super funds who give their members superannuation forecasts in the form of a statement (referred to as a 'retirement projection'), and the conditions they will have to comply with in order to rely on the relief; and
- explains how we propose our general relief for providers of financial product calculators should apply to superannuation product calculators.

### About ASIC regulatory documents

In administering legislation ASIC issues the following types of regulatory documents.

**Consultation papers:** seek feedback from stakeholders on matters ASIC is considering, such as proposed relief or proposed regulatory guidance.

**Regulatory guides:** give guidance to regulated entities by:

- explaining when and how ASIC will exercise specific powers under legislation (primarily the Corporations Act)
- explaining how ASIC interprets the law
- describing the principles underlying ASIC's approach
- giving practical guidance (e.g. describing the steps of a process such as applying for a licence or giving practical examples of how regulated entities may decide to meet their obligations).

**Information sheets:** provide concise guidance on a specific process or compliance issue or an overview of detailed guidance.

**Reports:** describe ASIC compliance or relief activity or the results of a research project.

### Document history

This paper was issued on 21 October 2009 and is based on the Corporations Act as at 21 October 2009.

### Disclaimer

The proposals, explanations and examples in this paper do not constitute legal advice. They are also at a preliminary stage only. Our conclusions and views may change as a result of the comments we receive or as other circumstances change.

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## The consultation process

You are invited to comment on the proposals in this paper, which are only an indication of the approach we may take and are not our final policy.

As well as responding to the specific proposals and questions, we also ask you to describe any alternative approaches you think would achieve our objectives.

We are keen to fully understand and assess the financial and other impacts of our proposals and any alternative approaches. Therefore, we ask you to comment on:

- the likely compliance costs;
- the likely effect on competition; and
- other impacts, costs and benefits.

Where possible, we are seeking both quantitative and qualitative information.

We are also keen to hear from you on any other issues you consider important.

Your comments will help us develop our policy on superannuation forecasts. In particular, any information about compliance costs, impacts on competition and other impacts, costs and benefits will be taken into account if we prepare a Business Cost Calculator report and/or a Regulation Impact Statement: see Section D, 'Regulatory and financial impact'.

### Making a submission

We will not treat your submission as confidential unless you specifically request that we treat the whole or part of it (such as any financial information) as confidential.

Comments should be sent by 11 December 2009 to:

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Lawyer  
Strategic Policy  
Australian Securities and Investments Commission  
GPO Box 9827  
Melbourne VIC 3001  
facsimile: (03) 9280 3306  
email: [policy.submissions@asic.gov.au](mailto:policy.submissions@asic.gov.au)

## What will happen next?

<b>Stage 1</b>	21 October 2009	ASIC consultation paper released
<b>Stage 2</b>	11 December 2009	Comments due on the consultation paper
<b>Stage 3</b>	Early 2010	Regulatory guide and class order released

## A Background

### Key points

A superannuation forecast is an estimate provided to a super fund member of the likely balance of their superannuation investment at retirement, provided in the form of a statement (a 'retirement projection'), or a calculator.

We think that superannuation forecasts can play an important role in increasing members' engagement with, and understanding of, their superannuation.

This consultation paper outlines our proposals to facilitate the provision of superannuation forecasts, that is:

- relief to facilitate the giving of retirement projections by super funds to their members; and
- guidance on how providers of superannuation calculators can best comply with our current relief for financial product calculators.

- 1 Many Australians do not engage well with the issue of superannuation. They have little idea of how much they will have when they retire, and how this compares to the amount they will need. Because of this, they may be missing crucial opportunities to review their superannuation and take action to ensure they will achieve financial security during retirement.
- 2 We think that part of the solution to this problem will be to improve the clarity and effectiveness of information provided to fund members about their superannuation. Our view is that members may benefit from personalised superannuation forecasts, giving them an indication of how much money they will receive when they retire. We think that such forecasts will help members to engage with their superannuation.

### What are 'superannuation forecasts'?

- 3 A superannuation forecast is an estimate provided to a member of the likely balance of their superannuation investment at retirement, taking into account their current account balance, the impact of fees and costs, and assumptions about future contributions and earnings.
- 4 A superannuation forecast may be generated by the provider of the superannuation product and provided to members in the form of a statement (referred to in this paper as a 'retirement projection'). On the other hand, it may be provided in the form of a calculator, involving, to some extent, the input of certain information by members themselves.

## The need for relief

- 5 In 2008, we released Consultation Paper 101 *Superannuation forecasts* (CP 101), which sought to stimulate discussion on how best to increase members' engagement with and understanding of their superannuation, through personalised superannuation forecasts. There was widespread support for ASIC's work on superannuation forecasts among both industry and consumer groups, and a strong feeling that forecasts should reach as wide a range of members as possible.
- 6 We think that we can best facilitate the provision of superannuation forecasts by giving relief from the requirements of the *Corporations Act 2001* (Corporations Act). This is because a superannuation forecast is likely to involve giving personal financial product advice, as it takes into account a member's objectives, financial situation or needs (e.g. information about their initial investment, investment timeframe, ongoing investments, salary, age or attitude to risk). Therefore, without relief, providers of superannuation forecasts would need to hold an AFS licence and comply with the personal advice requirements of the licensing regime.
- 7 We currently give relief to providers of certain financial calculators from the requirement to hold an AFS licence: see Regulatory Guide 167 *Licensing: Discretionary powers* (RG 167) and Class Order [CO 05/1122] *Relief for providers of generic calculators*. The relief applies where:
- (a) the calculator does not advertise or promote one or more specific financial products;
  - (b) the user is able to change any of the factors applied by the calculator in making its calculations (other than certain rates or amounts fixed by legislation);
  - (c) the assumptions applied by the calculator are reasonable for the purpose of working out the estimate (unless changed by the user); and
  - (d) the calculator displays to the user clear and prominent explanations and warnings about the assumptions made by the calculator, and the calculator's purpose and limitations.

Where providers already hold an AFS licence, we have given relief from the personal advice, conduct and disclosure requirements of Pt 7.7 of the Corporations Act.

- 8 The relief for calculators does not apply to a retirement projection provided to a member without user input. This means that providers of retirement projections cannot take advantage of the relief given in [CO 05/1122]. Currently, a provider of a retirement projection would need to comply with the personal advice requirements of the financial services licensing regime, including providing a Statement of Advice with the projection.
- 9 Given the potential for significant benefits to flow from providing fund members with projections, we think there is a strong argument for providing

relief from the licensing and/or personal advice, conduct and disclosure requirements of Pt 7.7 to providers of projections. Our view is that, when properly designed, projections can provide fund members with clear, effective, and useful information, even if providers are not required to comply with the full requirements of the personal advice regime.

## Our proposals

- 10 Our proposed approach to facilitating superannuation forecasts reflects the feedback we received to CP 101 and comprises the key elements described below.

### Relief for retirement projections

- 11 We propose to give relief to super fund trustees who provide retirement projections to their existing members with their periodic statements. We propose to give licensing relief or, where a trustee already holds an AFS licence, we propose to give relief from the advice, conduct and disclosure requirements of Pt 7.7. The relief would be conditional on trustees meeting certain requirements in relation to the content, presentation and calculation of projections, and the timing and manner in which they are given. Our proposals on relief for retirement projections are set out in Section B of this consultation paper.

### Guidance for superannuation calculators

- 12 Calculators may be a very effective way to complement the information provided through projections. We propose to give guidance as to how providers of superannuation calculators can best comply with the requirement in [CO 05/1122] that all assumptions applied by the calculator be 'reasonable': see Section C.

### New regulatory guide

- 13 Attached to this consultation paper is a draft regulatory guide, covering both retirement projections and superannuation calculators.
- 14 We intend to release this regulatory guide to complement and explain our relief for retirement projections and to provide guidance in relation to superannuation calculators. The relief will be provided via a class order, which will be drafted once the current consultation is completed; the draft regulatory guide provides a detailed explanation of our proposed relief.
- 15 We welcome direct feedback on the draft guide, as well as responses to the specific questions asked by this consultation paper.



## Next steps

- 16 The draft regulatory guide attached to this paper sets out the broad regulatory framework we propose to implement to facilitate the provision of superannuation forecasts, and is the subject of this consultation.
- 17 In addition to this, we will need to develop the set of underlying values that super fund trustees will need to use in calculating projections. To do this, ASIC will work with the Australian Government Actuary and will consult on the outcome of this process separately.
- 18 We hope to have relief and guidance in place so that members can begin to receive projections, and make further use of superannuation calculators, as soon as possible.

## B Retirement projections

### Key points

We propose to give class order relief from the licensing provisions of the Corporations Act to super fund trustees who provide retirement projections to their existing members with their periodic statements.

This relief would be conditional on funds complying with our requirements in relation to the content, presentation, calculation, and the timing and manner of giving projections.

The conditions of relief are outlined further in the draft regulatory guide attached to this consultation paper.

## Our relief to facilitate retirement projections

### Proposal

- B1** We propose to give class order relief from the licensing provisions of the Corporations Act to super fund trustees who provide retirement projections to their existing members with their periodic statements. This relief would be given on condition that:
- (a) the projections set out the mandatory content, including the warnings and disclosures: see Section B and the Appendix of the attached draft regulatory guide;
  - (b) a member's retirement benefit is calculated taking into account all of the required variables, and using the default assumptions: see Section C of the draft regulatory guide; and
  - (c) projections are given at the same time as periodic statements, and are included in or accompany the statements: see Section D of the draft regulatory guide.

For a super fund trustee who already holds an AFS licence with an authorisation to give personal advice, we will still give relief from the personal advice, conduct and disclosure requirements of Pt 7.7.

### *Your feedback*

- B1Q1** In the draft regulatory guide, we have set out certain types of funds and accounts for which we think projections will be less appropriate (see RG 000.19–RG 000.20 of the draft regulatory guide). Do you think that any particular types of funds should be excluded from relying on our relief? Please give reasons.
- B1Q2** Can you foresee any specific difficulties in including the content set out in Section B of the draft regulatory guide? If so, please provide details.
- B1Q3** Can you foresee any specific difficulties in calculating projections in the manner specified in Section C of the draft regulatory guide? If so, please provide details.

- B1Q4 Can you foresee any specific difficulties in giving projections at the same time as periodic statements? If so, please provide details.
- B1Q5 For super fund trustees, how long a lead-in time will you require in order to provide projections to your members at the end of the 2010 reporting period?

**Rationale**

- 19 Currently, without relief, a provider of a retirement projection would need to comply with the personal advice requirements of the financial services licensing regime, including providing a Statement of Advice with a projection. We think that the potential significant benefits that may flow from providing fund members with projections justify the giving of relief to make the process of developing and giving projections as simple and effective as possible.
- 20 We do not propose to give this relief unconditionally; rather, super funds will be restricted in the content, calculation, and the timing and manner of giving projections. Funds will need to prepare and give projections in accordance with our guidance; the requirements we have set reflect the submissions we received to CP 101.
- 21 Table 1 provides a summary of our approach, and the rationale behind this, for each of these key areas.

**Table 1: Summary of ASIC’s proposed approach to projections**

Key area	Our approach	Rationale
<b>Content and presentation of projections</b>	<p>In order to take advantage of our relief, funds will need to include all of the mandatory content set out in Table 1 of the attached draft regulatory guide.</p> <p>However, funds are free to present this content as they choose, including in relation to design, the inclusion of graphs and charts, etc.</p> <p>Note: The mandatory content includes the prescribed-text warnings and disclosures set out in the Appendix of the draft regulatory guide. Please note that the current text of the warnings and disclosures is indicative only and will be refined through consumer testing.</p>	<p>We think that it is important to set content requirements, in order to ensure that key elements are present in all projections. This will assist members to know what to look for in their projections.</p> <p>While we do not think that superannuation forecasts should be used to directly compare the investment performance or fees of different funds, standardising content requirements may particularly assist those members who move to a different fund or who have more than one fund, to quickly locate information in each projection they receive.</p> <p>Nevertheless, we think that giving super funds some flexibility in choosing the presentation format will allow them to develop projections that best serve the needs of their members, and gives them some freedom to innovate.</p>

Key area	Our approach	Rationale
<b>Calculation of projections</b>	<p>In order to take advantage of our relief, funds must use the standard assumptions set out in Table 2 of the draft regulatory guide.</p> <p>Where making an assumption about a particular variable involves the input of a certain number or value, funds will need to use a set of standard figures. These will be set by ASIC on the advice of the Australian Government Actuary, and will be published in a class order.</p>	<p>We think setting standard assumptions and figures is the best way to ensure that all projections are calculated in a similar manner, and members have confidence in the design of the projections and the quality of the assumptions made.</p> <p>While using standard assumptions and figures avoids using assumptions and figures that are more specific to an individual member's circumstances, we think that the purpose of a projection is not to give an exact and scientific prediction of the member's end benefit, and it may not be possible to achieve this in any case.</p> <p>We think using standard assumptions and figures will ensure projections provide an accessible and reliable starting point for members to engage with their superannuation.</p>
<b>Timing and manner of giving projections</b>	<p>Funds must give members their retirement projections at the same time as they give members their periodic statements.</p> <p>Funds may either incorporate projections within the periodic statements, or give separate documents.</p>	<p>We think that members will most benefit from receiving projections on a predictable and regular basis (i.e. annually, at the same time as they receive their periodic statements). Receiving their statements and projections at the same time may also enhance members' understanding of both documents, as they will be able to cross-reference information in each.</p>

## Assumptions about investment earnings, fees and costs

### Proposal

- B2** As part of the standard methodology for calculating projections set out in Section C of the attached draft regulatory guide, we propose that funds would need to apply a single standardised rate for both investment earnings and fees and costs.

#### *Your feedback*

B2Q1 Do you think investment earnings should be calculated using:

- (a) a single assumed rate;
- (b) multiple assumed rates; or
- (c) some other methodology?

Please state the reasons for your answer.

B2Q2 Do you think fees and costs should be calculated using:

- (a) a single assumed rate;
- (b) multiple assumed rates; or

(c) some other methodology?

Please state the reasons for your answer.

## Rationale

- 22 We recognise that there are arguments for and against using single, as opposed to multiple, rates for investment earnings and fees and costs.
- 23 We have proposed requiring use of a single rate, as we believe this will provide a projection that is simple to understand and instantly engaging for the member. However, we acknowledge that this approach has some disadvantage, in so far as it may result in a projection that is less personalised to the member's own circumstances.
- 24 The alternative approach of using multiple standardised assumptions about investment earnings may be a good way to achieve a balance between simplicity (i.e. by still setting standard rates for providers to apply), and relevance to the member (i.e. by using an earnings rate that better reflects the member's particular investment option than would a single assumed figure for investment earnings). However, we consider that this approach will be difficult to implement in a workable manner.
- 25 We think that multiple assumptions will work best if accompanied by a standard methodology by which funds can determine which of the multiple standard rates to apply for each member. Merely setting multiple rates with no accompanying objective criteria risks inconsistent application by different funds. We think that developing objective criteria would involve the following steps:
- (a) for investment earnings—agreement on standard definitions for investment options, so that funds could easily determine which standard investment option best matched each member's actual option, and apply the corresponding rate;
  - (b) for fees and costs—creation of a standard methodology that funds could use to determine which fees and costs to take into account for the purposes of selecting which of the standard rates of fees to select in calculating each member's projection.
- 26 We note that there is currently a great deal of divergence in the terminology used by funds in relation to investment options and fees and costs. For this reason, we do not think that it is currently possible to set multiple standard rates for investment earnings, fees and costs. Nevertheless, we will continue to monitor this issue, and may review our approach to retirement projections in light of future work.

## C Superannuation calculators

### Key points

We currently give relief to providers of certain financial calculators from the licensing and/or personal advice, conduct and disclosure requirements of Pt 7.7 of the Corporations Act, as set out in [CO 05/1122].

We propose to give guidance as to how providers of superannuation calculators can best comply with the conditions of our relief; specifically, that the default assumptions applied by the calculator for the purposes of working out the estimate must be 'reasonable'.

We propose to give guidance on how providers of superannuation calculators will best be able to satisfy this requirement.

### Guidance on 'reasonable' assumptions

#### Proposal

- c1 We propose to give guidance for providers of calculators relating to superannuation products who are relying on the relief given in [CO 05/1122] as to how they will best be able to satisfy the condition of relief that the default assumptions applied by the calculator for the purposes of working out the estimate must be 'reasonable' (unless altered by the user). That is:
- (a) providers will best be able to satisfy this requirement by ensuring that the default assumptions used by the calculator are as close as possible to those we have set for projections; and
  - (b) where calculators illustrate alternative strategies, providers will need to ensure that alternative assumptions applied are reasonable.

#### *Your feedback*

- C1Q1 Can you foresee any specific difficulties in applying the assumptions we have set for projections as the default assumptions for superannuation calculators?
- C1Q2 What other guidance on the provision of superannuation calculators would assist you?

#### Rationale

- 27 We think that superannuation calculators can play an important role in increasing members' engagement with their superannuation. While retirement projections provide a starting point to engage members with their superannuation, calculators can allow members to explore their retirement needs in greater depth. For example, calculators may be used to illustrate the effects of making alternative decisions.

- 28            Class Order [CO 05/1122] applies more broadly than simply in relation to superannuation products; it applies to financial product calculators in general. However, given the particular role superannuation calculators play in complementing retirement projections, we think that it is appropriate that the one mirror the other as closely as possible.

## D Regulatory and financial impact

- 29 In developing the proposals in this paper, we have carefully considered their regulatory and financial impact. On the information currently available to us we think they will strike an appropriate balance between:
- (a) enhancing members' access to information about their superannuation; and
  - (b) ensuring that funds do not find it difficult and burdensome to provide superannuation forecasts to their members.
- 30 Before settling on a final policy, we will comply with the requirements of the Office of Best Practice Regulation (OBPR) by:
- (a) considering all feasible options;
  - (b) if regulatory options are under consideration, undertaking a preliminary assessment of the impacts of the options on business and individuals or the economy;
  - (c) if our proposed option has more than low impact on business and individuals or the economy, consulting with OBPR to determine the appropriate level of regulatory analysis; and
  - (d) conducting the appropriate level of regulatory analysis, that is, completing a Business Cost Calculator report (BCC report) and/or a Regulation Impact Statement (RIS).
- 31 All BCC reports and RISs are submitted to the OBPR for approval before we make any final decision. Without an approved BCC report and/or RIS, ASIC is unable to give relief or make any other form of regulation, including issuing a regulatory guide that contains regulation.
- 32 To ensure that we are in a position to properly complete any required BCC report or RIS, we ask you to provide us with as much information as you can about:
- (a) the likely compliance costs;
  - (b) the likely effect on competition; and
  - (c) other impacts, costs and benefits,
- of our proposals or any alternative approaches: see 'The consultation process', p. 4.



## List of proposals and questions

Proposal	Your feedback
<p><b>B1</b> We propose to give class order relief from the licensing provisions of the Corporations Act to super fund trustees who provide retirement projections to their existing members with their periodic statements. This relief would be given on condition that:</p> <p>(a) the projections set out the mandatory content, including the warnings and disclosures: see Section B and the Appendix of the attached draft regulatory guide;</p> <p>(b) a member's retirement benefit is calculated taking into account all of the required variables, and using the default assumptions: see Section C of the draft regulatory guide; and</p> <p>(c) projections are given at the same time as periodic statements, and are included in or accompany the statements: see Section D of the draft regulatory guide.</p> <p>For a super fund trustee who already holds an AFS licence with an authorisation to give personal advice, we will still give relief from the personal advice, conduct and disclosure requirements of Pt 7.7.</p>	<p>B1Q1 In the draft regulatory guide, we have set out certain types of funds and accounts for which we think projections will be less appropriate (see RG 000.19–RG 000.20 of the draft regulatory guide). Do you think that any particular types of funds should be excluded from relying on our relief? Please give reasons.</p> <p>B1Q2 Can you foresee any specific difficulties in including the content set out in Section B of the draft regulatory guide? If so, please provide details.</p> <p>B1Q3 Can you foresee any specific difficulties in calculating projections in the manner specified in Section C of the draft regulatory guide? If so, please provide details.</p> <p>B1Q4 Can you foresee any specific difficulties in giving projections at the same time as periodic statements? If so, please provide details.</p> <p>B1Q5 For super fund trustees, how long a lead-in time will you require in order to provide projections to your members at the end of the 2010 reporting period?</p>
<p><b>B2</b> As part of the standard methodology for calculating projections set out in Section C of the attached draft regulatory guide, we propose that funds would need to apply a single standardised rate for both investment earnings and fees and costs.</p>	<p>B2Q1 Do you think investment earnings should be calculated using:</p> <p>(a) a single assumed rate;</p> <p>(b) multiple assumed rates; or</p> <p>(c) some other methodology?</p> <p>Please state the reasons for your answer.</p> <p>B2Q2 Do you think fees and costs should be calculated using:</p> <p>(a) a single assumed rate;</p> <p>(b) multiple assumed rates; or</p> <p>(c) some other methodology?</p> <p>Please state the reasons for your answer.</p>

Proposal	Your feedback
<p><b>C1</b> We propose to give guidance for providers of calculators relating to superannuation products who are relying on the relief given in [CO 05/1122], as to how they will best be able to satisfy the condition of relief that the default assumptions applied by the calculator for the purposes of working out the estimate must be 'reasonable' (unless altered by the user). That is:</p> <p>(a) providers will best be able to satisfy this requirement by ensuring that the default assumptions used by the calculator are as close as possible to those we have set for projections; and</p> <p>(b) where calculators illustrate alternative strategies, providers will need to ensure that alternative assumptions applied are reasonable.</p>	<p>C1Q1 Can you foresee any specific difficulties in applying the assumptions we have set for projections as the default assumptions for superannuation calculators?</p> <p>C1Q2 What other guidance on the provision of superannuation calculators would assist you?</p>



**ASIC**

Australian Securities & Investments Commission

## REGULATORY GUIDE 000

# Superannuation forecasts

October 2009

### About this guide

This is a guide for super funds and their advisers that explains the relief we have given to funds to provide their members with superannuation forecasts, both in the form of a statement (referred to in this guide as a 'retirement projection') and as a calculator.

To fall within our relief a projection must:

- include certain mandatory content;
- be calculated taking into account all of the required variables, and using the default assumptions; and
- be given at the same time as the periodic statement and be included in or accompany the statement.

This guide also explains how our general relief for providers of financial product calculators applies to superannuation product calculators.

### About ASIC regulatory documents

In administering legislation ASIC issues the following types of regulatory documents.

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- explaining when and how ASIC will exercise specific powers under legislation (primarily the Corporations Act)
- explaining how ASIC interprets the law
- describing the principles underlying ASIC's approach
- giving practical guidance (e.g. describing the steps of a process such as applying for a licence or giving practical examples of how regulated entities may decide to meet their obligations).

**Information sheets:** provide concise guidance on a specific process or compliance issue or an overview of detailed guidance.

**Reports:** describe ASIC compliance or relief activity or the results of a research project.

### Document history

This draft regulatory guide was issued on 21 October 2009 and is based on legislation and regulations as at 21 October 2009.

### Disclaimer

This guide does not constitute legal advice. We encourage you to seek your own professional advice to find out how the Corporations Act and other applicable laws apply to you, as it is your responsibility to determine your obligations.

Examples in this guide are purely for illustration; they are not exhaustive and are not intended to impose or imply particular rules or requirements.

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## A Overview

### Key points

A superannuation forecast is an estimate provided to a super fund member of the likely balance of their superannuation investment at retirement, provided in the form of a statement (retirement projection) or a calculator.

This guide explains the relief we have given to super funds that give retirement projections to their existing members. We have provided relief from the personal advice provisions of the Corporations Act where:

- a projection sets out the mandatory content (see Section B);
- the member's end benefit is calculated taking into account all of the required variables, and using the default assumptions (see Section C); and
- the projection is given at the same time as the periodic statement, and is included in or accompanies the statement (see Section D).

Our relief and guidance on financial product calculators continue to apply. This guide gives specific guidance on how providers of superannuation product calculators can comply with the relief: see Section E.

## Superannuation forecasts

### What are superannuation forecasts?

- RG 000.1 A superannuation forecast is an estimate provided to a fund member of the likely balance of their superannuation investment at retirement, taking into account their current account balance, the impact of fees and costs, and assumptions about future contributions, earnings and other matters.
- RG 000.2 A superannuation forecast may be generated by the provider of the superannuation product and provided to a member in the form of a statement (referred to in this guide as a 'retirement projection'). On the other hand, it may also be provided in the form of a calculator involving, to some extent, the input of certain information by members themselves.

### How can they benefit super fund members?

- RG 000.3 While compulsory superannuation has increased Australians' level of retirement savings, most people do not engage fully with their superannuation. They have little idea of how much they will have when they retire, and how this compares to the amount they will need.

- RG 000.4 Our view is that members may benefit from personalised superannuation forecasts, giving them an indication of how much money they may receive when they retire. We think that such forecasts will help members to engage with their superannuation.
- RG 000.5 We do not envisage that members will use superannuation forecasts to directly compare the investment performance or fees of different funds. Nevertheless, forecasts may still serve as a prompt for further investigation and future superannuation decisions.
- RG 000.6 We encourage super fund trustees to refer their members to FIDO for additional consumer financial information and education.

Note: ASIC's consumer website FIDO is located at [www.fido.asic.gov.au](http://www.fido.asic.gov.au).

### Legal obligations

- RG 000.7 Superannuation forecasts are likely to involve personal advice, whether delivered as a calculator, or as a retirement projection in a statement. This is because a forecast takes into account the member's objectives, financial situation or needs (e.g. information about their initial investment, investment timeframe, ongoing investments, salary, age, attitude to risk, or retirement needs).
- RG 000.8 Therefore, without relief, super funds that give their members retirement projections would need to hold an AFS licence with an authorisation to give personal advice, and comply with the personal advice requirements of the licensing regime, including the obligation to prepare Statements of Advice.

## Our relief

### Relief for calculators

- RG 000.9 We have given relief to providers of certain financial calculators from the requirement to hold an AFS licence. The relief only applies to financial calculators that do not advertise or promote one or more specific financial products.
- RG 000.10 Where providers already hold an AFS licence, we have given relief from the advice, conduct and disclosure requirements of Pt 7.7 of the *Corporations Act 2001* (Corporations Act): see Regulatory Guide 167 *Licensing: Discretionary powers* (RG 167) and Class Order [CO 05/1122] *Relief for providers of generic calculators*.

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## Relief for retirement projections

- RG 000.11 The relief for calculators does not apply to retirement projections provided without member input.
- RG 000.12 We have given separate relief to super fund trustees who provide retirement projections to their existing members with their periodic statements: see Class Order [CO XX/XXX] *Relief for providers of retirement projections*. [CO XX/XXX] provides licensing relief to trustees; where a trustee already holds an AFS licence, we have given relief from the advice, conduct and disclosure requirements of Pt 7.7.
- RG 000.13 The relief is given on certain conditions:
- (a) the projection sets out the mandatory content, including standard warnings and disclosures (see Section B);
  - (b) the member's retirement benefit is calculated taking into account all of the required variables, and using the default assumptions (see Section C); and
  - (c) the projection is given at the same time as the periodic statement, and is included in or accompanies the statement (see Section D).
- RG 000.14 If a super fund trustee already holds a licence with an authorisation to give personal financial product advice, they are free to give their members personal advice via whatever medium they choose, including by giving projections at any time.
- RG 000.15 We consider that, where a super fund relies on our relief, they will be able to satisfy their obligation to ensure that they have reasonable grounds for making a representation in relation to a future matter concerning a financial product: see s769C.

## Our guidance

### Who this guide applies to

- RG 000.16 This guide is for super funds. It sets out:
- (a) in relation to projections, how you must present and calculate projections to be able to rely on the relief in [CO XX/XXX]; and
  - (b) in relation to calculators, how you can comply with the conditions of relief in [CO 05/1122].
- RG 000.17 It is not mandatory for a super fund trustee to provide retirement projections to its members. However, we anticipate that funds will make use of the relief, where possible, to provide their members with the benefit of receiving retirement projections.



- RG 000.18 While we have not restricted the types of super funds that may rely on our relief, we expect that it would be most suitable for accumulation schemes.
- RG 000.19 Generally, other types of funds (e.g. defined benefit funds) may also rely on the relief, provided that, by using the variables and assumptions outlined in this guide, they would not produce a misleading or deceptive projection. However, there are some types of funds for which projections may not be suitable, including:
- (a) eligible rollover funds;
  - (b) self-managed super funds; and
  - (c) closed or legacy products.
- RG 000.20 In addition, it may not be appropriate to give projections for certain types of accounts, for example:
- (a) inactive accounts;
  - (b) accounts with small balances;
  - (c) accounts in pension, rather than accumulation phase; and
  - (d) accounts held by members aged 65 years and over.

### **Guidance on retirement projections**

- RG 000.21 This guide explains what you need to do if you wish to rely on our relief to give retirement projections to your members. It covers:
- (a) presentation and content requirements (i.e. what information must be included in retirement projections, and how it must be displayed) (see Section B);
  - (b) the variables and default assumptions that must be used in calculating projections (see Section C);
  - (c) how the default assumptions have been set, and how they will be updated on an ongoing basis (see Section C); and
  - (d) the timing and manner of giving projections (see Section D).

### **Guidance on calculators**

- RG 000.22 Our existing relief and guidance on financial calculators continue to apply: see [CO 05/1122] and Section F of RG 167. This guide gives specific guidance on how providers of superannuation product calculators can comply with the relief: see Section E.

## B Retirement projections—content and presentation

### Key points

This section explains the presentation and content requirements super funds must meet in order to rely on our relief.

In order to take advantage of the relief we have given, you must include the content set out in Table 1: see also RG 000.23–RG 000.27.

However, you are free to present this information as you choose. We think that giving super funds some flexibility in choosing the presentation format will allow them to develop projections that best serve the needs of their members: see RG 000.28–RG 000.29.

### Content requirements

RG 000.23 In order to rely on the relief given in [CO XX/XXX], you must include all of the information set out in Table 1 in each projection you give to your members. For information on what assumptions must be used in calculating each required item, see Section C.

**Table 1: Content requirements for retirement projections**

<b>Estimated end benefit</b>	<p>A projection must set out the member's estimated end benefit, in today's dollars (see RG 000.54–RG 000.55 for an explanation of the deflator that must be used to convert the end benefit into today's dollars).</p> <p>The end benefit must be presented as both:</p> <ul style="list-style-type: none"> <li>• a lump sum; and</li> <li>• an annual income stream.</li> </ul> <p>The lump sum must be broken down to show the effect of contributions, earnings and fees, i.e. the lump sum should be presented as follows:</p> <p>Lump sum = Total contributions + Total earnings – Total fees</p> <p>Note: See Section C for further information about the assumptions that should be applied to calculate total contributions, earnings and fees.</p> <p>The amount shown as the estimated end benefit may be rounded to the nearest \$10,000 for a lump sum amount, or \$1000 for an annual income stream amount.</p>
<b>Current account balance</b>	<p>A projection must set out a member's current account balance as at the time at which the projection has been calculated. This will be the closing balance taken from the member's periodic statement.</p>
<b>Contributions</b>	<p>A projection must set out the total contributions from all sources made into the account over the previous statement period. If your fund records sufficient information to identify the source of contributions, you may set out both the total contributions, and the contributions broken down by source.</p>

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<b>Investment earnings</b>	A projection must show the assumed rate of investment earnings (see RG 000.36–RG 000.37 for more detail on the assumed rate of investment earnings).
<b>Fees and costs</b>	A projection must show the assumed figure for fees and costs that will be deducted from the member's account (see RG 000.39–RG 000.40 for more detail on the assumed figure for fees and costs).
<b>Retirement date and life expectancy</b>	<p>A projection must show the effective date of the projection, i.e. the standard assumed retirement date (see RG 000.46–RG 000.47 for more detail on the assumed retirement date).</p> <p>In relation to the annual income stream, the projection must also indicate how long the income has been calculated to cover (i.e. the person's life expectancy: see RG 000.49 for more information about the standard assumed life expectancy).</p>
<b>Insurance premiums</b>	A projection must show the assumed figure for insurance premiums deducted from a member's account during their working life (see RG 000.50–RG 000.51 for more detail on the assumed figure for insurance premiums).
<b>Warnings and disclosures</b>	<p>A projection must include the prescribed-text warnings and disclosures set out in the Appendix.</p> <p>These include a statement of the key variables and assumptions used in calculating the projection.</p>

- RG 000.24 Setting content requirements ensures that key elements are present in all projections. This will also assist members to know what to look for in their projection, particularly those members who move to a different fund or who have more than one fund.
- RG 000.25 A retirement projection is intended to promote members' engagement with their superannuation. You may include more information in the projection where you consider that this is necessary to achieve this purpose, as long as it is not misleading or confusing. However, projections should not be used to illustrate the effect of alternative scenarios, as including this information will undermine the key message.
- RG 000.26 You may wish to refer members to a calculator or financial adviser for further information about the potential effect of taking alternative actions (e.g. increasing contributions or changing investment options) on their retirement benefit.
- RG 000.27 We also encourage you to refer members to FIDO for additional consumer financial information and education.

## Presentation format for projections

- RG 000.28 As long as you include all of the required content, you are free to present the projection as you choose. You may make your own choices about the branding, design and layout of the projection, and the inclusion or otherwise of diagrams, charts and graphs.

- RG 000.29 We think that giving super funds freedom in relation to presentation will allow them to build projections into existing publication systems and to tailor projections to the particular needs of their membership. In addition, having a flexible approach in relation to presentation will ensure that we do not stifle innovation in relation to developing new and effective ways to communicate information to members.

## C Retirement projections—calculating the end benefit

### Key points

This section explains how super funds must calculate projections in order to rely on our relief.

You must use certain assumptions when calculating the projection, as summarised in Table 2.

These assumptions are set by ASIC, on the advice of the Australian Government Actuary, and are published in [CO XX/XXX]. The assumptions will be reviewed periodically.

- RG 000.30 We realise that retirement projections involve some degree of inherent uncertainty.
- RG 000.31 This is because the calculation process involves a number of variables. Some of these variables will depend on known facts that are personal to the member (e.g. their current balance and contribution levels); others depend on fixed external factors (e.g. the superannuation guarantee contribution rate). However, others involve factors that are uncertain (e.g. future investment earnings rates). For these variables, certain assumptions need to be made. What actually eventuates may differ from what is assumed will occur.
- RG 000.32 Despite the fact that projections have some limitations, we think that they have a useful role to play. We think that the purpose of a projection is *not* to give an exact and scientific prediction of a member's end benefit. Rather, as discussed in Section A, the primary function of a retirement projection is to provide an accessible starting point for the member to engage with their superannuation in a personalised manner.
- RG 000.33 It is equally important that members have confidence in the design of the projection, and the quality of the assumptions made. We think the best way to achieve this is to ensure that all projections are calculated in a similar manner, by setting standardised assumptions that all super funds must use in order to rely on the relief provided in [CO XX/XXX].

### Standardised assumptions and figures

- RG 000.34 In some cases, making an assumption about a particular variable involves the input of a certain number or value. Where this is the case, you must use the standard figures set out in [CO XX/XXX], in order to rely on the relief. The standardised assumptions that you must use are summarised in Table 2.

RG 000.35 The table of standard figures has been set by ASIC on the advice of the Australian Government Actuary and will be reviewed on an ongoing basis.

**Table 2: Summary of assumptions you must use in calculating a member's end benefit when relying on [CO XX/XXX]**

<b>Investment earnings, fees and costs</b>	
<b>Investment earnings</b>	<p>You must use a uniform assumed earnings rate for each member, regardless of their particular investment strategy.</p> <p>The rate you must use is the standard rate specified in [CO XX/XXX]: see also RG 000.36–RG 000.38.</p>
<b>Fees and costs</b>	<p>You must use a uniform assumed figure representing all fees and costs to be paid by the member.</p> <p>The figure you must use is the standard rate specified in [CO XX/XXX]: see also RG 000.39–RG 000.41.</p>
<b>Factors that are personal to the member</b>	
<b>Salary and contribution levels</b>	<p>You must assume that the member's current salary level will remain unchanged. However, to take into account normal average wage growth, you must apply the inflator specified in [CO XX/XXX].</p> <p>You must assume that current contribution rates will remain constant: see also RG 000.42–RG 000.45.</p>
<b>Retirement age and life expectancy</b>	<p>You must assume the retirement age specified in [CO XX/XXX].</p> <p>In illustrating an annual income stream, you must assume income payments will be required every year from the age of retirement until the age specified in [CO XX/XXX]: see also RG 000.46–RG 000.49.</p>
<b>Insurance premiums</b>	<p>You must use a single assumed figure representing the annual insurance premiums to be paid by the member.</p> <p>The figure you must use is the standard rate specified in [CO XX/XXX]: see also RG 000.50–RG 000.51.</p>
<b>Pension entitlement and member's other funds</b>	<p>You must not consider the potential effects on the member's end benefit of:</p> <ul style="list-style-type: none"> <li>• any entitlement to the age pension; or</li> <li>• any other super fund account the member might hold.</li> </ul> <p>Note: See RG 000.52–RG 000.53.</p>
<b>Factors that are external to the member</b>	
<b>Inflation</b>	<p>You must illustrate the member's retirement benefit in today's dollars, using the deflator specified in [CO XX/XXX]: see also RG 000.54–RG 000.55.</p>
<b>Taxation conditions and other legal factors</b>	<p>You may assume that current taxation conditions and other legal factors will remain unchanged. You may also ignore the possibility that a member may be required to pay some tax upon receipt of their end benefit: see RG 000.56–RG 000.58.</p>

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## Investment earnings, fees and costs

### Investment earnings

- RG 000.36 You must use a uniform assumed earnings rate for each member, regardless of their particular investment strategy. The rate you must use is the standard rate specified in [CO XX/XXX].
- RG 000.37 As the main purpose of projections is to provide members with a simple indication of the likely adequacy of their retirement benefit, it is appropriate to use standardised figures.
- RG 000.38 You may wish to refer members to a calculator or financial adviser for further information about the effect on their retirement benefit of changing investment options.

Note: For a discussion about the purpose of calculators, see Section E.

### Fees and costs

- RG 000.39 You must use a uniform assumed figure representing all fees and costs to be paid by the member. The figure you must use is the standard rate specified in [CO XX/XXX].
- RG 000.40 Illustrating an assumed figure for the fees and costs to be deducted from their accounts will alert members to the fact that fees and costs are among the factors that will affect the size of their end benefits. However, we note that using a uniform assumed figure means that projections themselves will not necessarily draw members' attention to funds' actual fees and costs.
- RG 000.41 We think that the best use for projections is to engage members to focus on their retirement needs, rather than to make disclosure about fees and costs, which can best be done through the periodic statements. By making projections neutral to the issue of fees and costs, this allows members to focus on the adequacy of their projected retirement benefit and the link between contribution levels and their retirement benefit.

## Factors personal to the member

### Salary and contribution levels

- RG 000.42 You must assume that the member's current salary level will remain unchanged. However, to take into account normal average wage growth, you must apply the inflator specified in [CO XX/XXX] to current contributions.
- RG 000.43 You must assume that members' current contribution rates remain constant (subject to adjustment in accordance with the inflator specified in

[CO XX/XXX]). If you are aware that the member is not making additional contributions above superannuation guarantee contributions, you should assume this will continue.

- RG 000.44 The provider will not usually know what a member's intentions are in relation to future contributions; a member may themselves be uncertain. Future contribution levels will also depend on uncertain factors such as salary levels, their rate of growth, and time out of the workforce for any reason.
- RG 000.45 We think that making the assumption that current salary and contribution levels will continue is one way to highlight the importance of making additional contributions to superannuation—for example, this will allow members to see what the retirement benefit may be if they continue at their current contribution level. The standard warnings and disclosures that all providers must include with projections (see Appendix) include a warning that members will need to consider their retirement plans and go to a calculator or financial adviser for more information.

### **Retirement date and life expectancy**

- RG 000.46 You must assume the retirement age specified in [CO XX/XXX]. In illustrating an annual income stream, you must assume an income will be required every year from the age of retirement until the age specified in [CO XX/XXX].
- RG 000.47 We think it is important to set a standard retirement date for the sake of consistency between projections, from year to year, and we do not expect that this standard value will require updating very often.
- RG 000.48 You may wish to refer members to a calculator or financial adviser for further information about the effect on their retirement benefit of retiring at a different age.

Note: For a discussion about the purpose of calculators, see Section E.

- RG 000.49 In terms of life expectancy, it is crucial for members to realise that they may need to draw upon their retirement savings for many years after retirement. Illustrating the end benefit as an annual income stream over the period a member is likely to require it is one way of giving the member a quick indication of the likely adequacy of their end benefit.

### **Insurance premiums**

- RG 000.50 You must use a uniform assumed figure representing the annual insurance premiums to be paid by the member. The figure you must use is the standard rate specified in [CO XX/XXX].
- RG 000.51 We think a standard assumption will avoid over-complicating projections. Premiums may vary greatly according to factors such as a member's age and



the level of cover they have taken out, and it will be too difficult to reflect these factors in the projection.

### **Pension entitlement and members' other funds**

- RG 000.52 You must not consider the potential effects on the member's end benefit of:
- (a) any entitlement to the age pension; or
  - (b) any other super fund with which the member may hold an account.
- RG 000.53 A member's entitlement to the age pension, or the status of accounts they may hold with other funds, are factors that are very difficult to take into account in a projection. Funds are not likely to have access to all of the information relevant to determine whether a member will be entitled to receive the age pension, or be aware of what other accounts a member holds. The standard warnings and disclosures that you must include with projections (see Appendix) include a warning that:
- (a) the projection does not take into account the effect of the age pension; and
  - (b) if the member is a member of more than one fund, and receives an estimate of their retirement benefit from each fund, simply adding up each estimate may not give them an accurate indication of the money they may receive on retirement.

## **Factors external to the member**

### **Inflation**

- RG 000.54 You must illustrate the member's retirement benefit in today's dollars, using the deflator specified in [CO XX/XXX].
- RG 000.55 The deflator that has been set is a wage-based figure, that is, it takes into account a member's likely future purchasing power by comparison with the rest of the community's likely future living standards. A wage-based deflator has been chosen, as it best enables members to gain an idea of the amount they may have available to them at retirement.

### **Taxation conditions and other legal factors**

- RG 000.56 You must assume that current taxation conditions and other legal factors will remain unchanged.
- RG 000.57 Taxation and other legal rules surrounding superannuation are important factors determining the amount of a member's end benefit, and any change in these conditions might have a significant effect. However, it is not

possible to anticipate the changes in taxation conditions and other legal factors that may occur over the course of a member's working life.

RG 000.58 Nevertheless, even though a projection may not be able to take into account future taxation and other legal conditions, it is important that members be aware of this limitation. The standard warnings and disclosures that you must include with projections (see Appendix) include a warning that taxation and other legal conditions may change, with consequences for the resulting end benefit.

## D Retirement projections—when and how you may give projections

### Key points

This section explains when and how you may give projections to your members, that is:

- a retirement projection must be given at the same time as the periodic statement (see RG 000.59–RG 000.61);
- a retirement projection must either be included in, or accompany, the periodic statement (see RG 000.62–RG 000.65).

### When retirement projections may be given

- RG 000.59 If you rely on the relief we have given for projections, you must give your members their retirement projections at the same time as you give them their periodic statements.
- RG 000.60 The relief does not extend to allowing a projection to be given at any other time, even if a member requests this.
- RG 000.61 We do not think that it is necessary to give a projection to an exiting member who leaves the fund during a reporting period; ideally they should be able to rely on receiving future projections from their new fund. However, if you choose to give an exiting member a projection, this should be given at the same time as the final statement.

### How retirement projections must be given

- RG 000.62 To comply with the relief we have given for projections, a retirement projection must be included in, or accompany, the periodic statement.
- RG 000.63 This approach allows you some flexibility in the manner in which you give your members their projections. Depending on your existing systems, it may suit you to incorporate the projection into the same document as the periodic statement.
- RG 000.64 On the other hand, it may be more convenient for you to produce and provide projections in separate documents. If this is the case, our relief permits you to do this, as long as the projections are accompanied by the periodic statements.

- RG 000.65 This approach is intended to apply regardless of whether members receive their periodic statement in writing or electronically.

Note: For example, if you send a member their periodic statement by mail, and you produce a separate projection for them, the two documents should be mailed together. If you provide a member with an email notification that their periodic statement is available for viewing online, the notification should also refer them to the projection.

## Best practice for giving projections

- RG 000.66 Your members will benefit most from receiving projections on a regular basis, as this will allow them to see the potential impact of particular actions (e.g. making additional contributions), or of taking no action.
- RG 000.67 Therefore, if you intend to rely on our relief and provide your members with projections, you should give the projections on a regular basis, with successive periodic statements.
- RG 000.68 If your fund's reporting period is shorter than 12 months, you may decide whether to give your members their projections with each periodic statement or to give them less frequently, so long as each member receives at least one projection every 12 months.

## E Calculators for superannuation products

### Key points

This section explains the relief we have given in relation to calculators and how this applies in relation to superannuation products.

It is a condition of relief that the default assumptions applied by the calculator for the purposes of working out the estimate must be 'reasonable'. This section explains how providers of superannuation calculators can best comply with this condition.

### Overview of [CO 05/1122]

- RG 000.69 Relief for providers of certain financial calculators has been in place for some time. [CO 05/1122] gives relief from the requirement to hold an AFS licence to providers of financial calculators that do not advertise or promote a specific financial product. Where providers already hold an AFS licence, we have given relief from the advice, conduct and disclosure requirements of Pt 7.7: see RG 167 and [CO 05/1122].
- RG 000.70 The relief applies to a facility, device, table or other thing used to make a numerical calculation or to find out the result of a numerical calculation. Where the financial calculator is an electronic facility or device, the calculator must allow the user to change any of the assumptions applied in making the calculation (except for certain statutorily fixed factors). The calculators relief does not apply to static retirement projections provided to the member without user input.

### The role of superannuation calculators

- RG 000.71 We think that retirement projections and calculators both play an important and complementary role. The purpose of projections is to provide an accessible starting point for members to engage with their superannuation in a personalised manner. However, we think that, while retirement projections provide a starting point to engage members with their superannuation, calculators can allow members to explore their retirement needs in greater depth. For example, calculators may be used to illustrate the effects of making alternative decisions.

## How does our relief for calculators apply to superannuation products?

- RG 000.72 Class Order [CO 05/1122] specifies as a condition of relief that the default assumptions applied by the calculator for the purposes of working out the estimate must be 'reasonable'. It also requires that the provider display a clear and prominent explanation of why the default assumptions, including any statutory assumption, are reasonable for the purposes of working out the estimate.
- RG 000.73 Many super funds provide superannuation product calculators on their websites for use by their members and others. If you provide a calculator for a superannuation product, we consider that you will best be able to satisfy the requirement to use reasonable assumptions by ensuring that the assumptions used by the calculator are as close as possible to those set out for the purposes of the relief we have given in [CO XX/XXX]. You may also satisfy the requirement to give a clear and prominent explanation of why the default assumptions are reasonable by explaining that they comply with the assumptions for retirement projections set by ASIC on the advice of the Australian Government Actuary.
- RG 000.74 We recognise that providers of calculators may wish to illustrate a variety of different scenarios, such as choosing different investment options or retirement dates. Indeed, this is a strength of calculators, as it allows members to get a better idea of the various options available to them. While we think that the assumptions we have set for projections are reasonable, where calculators expand beyond the default scenario illustrated in projections, providers will need to ensure that the alternative assumptions applied are reasonable.
- RG 000.75 Class Order [CO 05/1122] applies more broadly than simply in relation to superannuation products; it applies to financial product calculators in general. However, given the particular role superannuation calculators play in complementing retirement projections, we think that it is appropriate that the one mirror the other as closely as possible.

## Appendix: Standard warnings and disclosures

Below is the standard text that must be included in a retirement projection:

### **‘What this statement provides**

This statement is a guide to the amount of money that you may get when you retire, shown in today’s dollars. It indicates the kind of annual income you may receive during your retirement, based on an estimate of your life expectancy.

### **What this statement does not provide**

This statement does *not* provide a promise or guarantee that you will receive the amount that is shown. This is because it is based on a number of assumptions. This statement is intended to provide you with an initial estimate of the amount of money that you may get when you retire, to assist you with your general retirement planning.

### **How we have calculated the amount of money shown**

This statement has been calculated using the following assumptions about various factors:

- investment earnings of A% [*providers: insert current figure here*]
- fees and costs of B% of investment earnings [*providers: insert current figure here*]
- that your current salary will remain unchanged and your current contribution rate will continue until retirement
- a retirement age of C years [*providers: insert current figure here*] and a life expectancy of D years [*providers: insert current figure here*]
- annual insurance premiums of \$E [*providers: insert current figure here*]
- inflation of F% [*providers: insert current figure here*]
- that current taxation and other legal conditions will remain unchanged.

These are all standardised assumptions, set by the Australian Government Actuary, and available at [www.asic.gov.au/projections](http://www.asic.gov.au/projections). These figures may not be the same as your actual circumstances.

### **What you will actually get when you retire**

What actually happens, and your own individual circumstances, may vary considerably from these general assumptions. The actual amount of money you will get will depend, among other things, on:

- the performance of your investment
- when you retire and take your superannuation investment
- the contributions you make
- whether you choose to buy an account-based or non-account-based income stream on retirement and
- what allowance (if any) you make for a pension for your spouse or de facto partner,

and so may be significantly different from the amount shown here.

In addition, certain other factors may affect the final amount of money you will receive. For example, the effect of any age pension or other

government benefit you may be entitled to receive is not illustrated. This projection has been calculated assuming that all current rules concerning superannuation and the taxation of superannuation will remain in place. This may not be the case, and any change in these rules may have a significant impact on the amount of money you receive on retirement.

**If you are a member of more than one fund**

You should also remember that this statement applies only to your account with this fund. If you are a member of more than one fund, and receive an estimate of your retirement benefit from each fund, simply adding up each estimate may not give you an accurate indication of the money you may receive on retirement, as other factors need to be taken into account, including the interaction of the taxation rules applying to each fund.

**Getting help**

Because of all the factors described above, you should consider getting further information or advice before you review your retirement savings arrangements.

If you want to know more about the way this has been worked out or the assumptions we have made, contact [*providers: insert contact phone number here*] or visit [*providers: insert website address here*].



## Key terms

Term	Meaning in this document
AFS licence	An Australian financial services licence under s913B of the Corporations Act that authorises a person who carries out a financial services business to provide financial services Note: This is a definition contained in s761A.
ASIC	Australian Securities and Investments Commission
calculator	a facility, device, table or other thing used to make a numerical calculation or find out the result of a numerical calculation
[CO 98/55] (for example)	An ASIC class order (in this example, numbered 98/55)
Corporations Act	<i>Corporations Act 2001</i> , including regulations made for the purposes of that Act
financial product	Generally a facility through which, or through the acquisition of which, a person does one or more of the following: <ul style="list-style-type: none"> <li>• makes a financial investment (see s763B);</li> <li>• manages financial risk (see s763C);</li> <li>• makes non-cash payments (see s763D)</li> </ul> Note: See Div 3 of Pt 7.1 for the exact definition.
financial service	Has the meaning given in Div 4 of Pt 7.1
personal advice	Financial product advice given or directed to a person (including by electronic means) in circumstances where: <ul style="list-style-type: none"> <li>• the provider of the advice has considered one or more of the person's objectives, financial situation and needs; or</li> <li>• a reasonable person might expect the provider to have considered one or more of those matters</li> </ul> Note: This is a definition contained in s766B(3)
Pt 7.7 (for example)	A part of the Corporations Act (in this example, numbered 7.7)
RG 148 (for example)	An ASIC regulatory guide (in this example, numbered 148)
retail client	A client as defined in s761G of the Corporations Act and Div 2 of Pt 7.1 of the Corporations Regulations 2001
retirement projection	A superannuation forecast provided to members in the form of a statement, rather than through a calculator
s766E (for example)	A section of the Corporations Act (in this example, numbered 766E)

Term	Meaning in this document
Statement of Advice	A document that must be given to a retail client as part of the provision of personal advice, in accordance with Subdivs C and D of Div 3 of Pt 7.7 Note: See s761A for the exact definition.
superannuation forecast	An estimate provided to a member of the likely balance of their superannuation investment at retirement, taking into account their current account balance, the impact of fees and costs, and assumptions about future contributions, earnings and other matters

## Related information

### Headnotes

calculator, retirement projection, superannuation forecast

### Class orders

[CO 05/1122] *Relief for providers of generic calculators*

[CO XX/XXX] *Relief for providers of retirement projections*

### Regulatory guides

RG 167 *Licensing: Discretionary powers*

### Legislation

Corporations Act, Pt 7.7, s769C

### Consultation papers

CP 101 *Superannuation forecasts* (July 2008)

### Media and information releases

08-172 *ASIC advocates 'super snapshots'—a wake-up call on super*