



ASIC

Australian Securities & Investments Commission

INFORMATION SHEET 170

MySuper product dashboard requirements for superannuation trustees

This information sheet gives guidance to superannuation trustees and other persons in relation to the product dashboard requirements in s1017BA of the *Corporations Act 2001* (Corporations Act) for MySuper products.

The product dashboard requirements were introduced by the *Superannuation Legislation Amendment (Further MySuper and Transparency Measures) Act 2012* (Tranche 3 Act), with changes being made by the *Superannuation Legislation Amendment (Service Providers and Other Governance Measures) Act 2013*. Detailed requirements about the content and presentation of the information in the product dashboard are set out in the Corporations Regulations 2001 (Corporations Regulations), as amended by the Superannuation Legislation Amendment (MySuper Measures) Regulation 2013, and in the Australian Prudential Regulation Authority's (APRA) Reporting Standard SRS 700.0 *Product dashboard* (SRS 700.0), which includes the form SRF 700.0 *Product dashboard* (SRF 700.0).

The product dashboard is intended to provide members with key information about the product in relation to five separate measures detailed in s1017BA of the Corporations Act:

- the return target
- the returns for previous financial years
- a comparison between the return target and the returns for previous financial years
- the level of investment risk, and
- a statement of fees and other costs.

The purpose of this information sheet is to provide guidance to industry about what information must be provided by superannuation trustees for each measure in the product dashboard. The product dashboard requirements took effect on 31 December 2013 for MySuper products.

For Choice investment options, the provisions are scheduled to take effect on 1 July 2015. However, the necessary regulations have yet to be made in relation to the content and presentation requirements for a product dashboard for a Choice investment option. In November 2013, the Government issued a discussion paper, *Better regulation and governance, enhanced transparency and improved competition in superannuation*, which sought industry feedback on the content and presentation requirements for a Choice product dashboard. We may provide further guidance to industry about the product dashboard requirements for a Choice investment option when the regulations have been made by Government.

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

What are the requirements for publishing and updating the product dashboard?

Product dashboard must be publicly available

Subject to some exceptions, the trustee of a regulated superannuation fund that has at least five members must publish a product dashboard for each MySuper product, including for each lifecycle product that is a MySuper product.

The product dashboard must be publicly available at all times on the fund's website. This means that the product dashboard must be available on a part of the trustee's website that is accessible to the public at all times: see paragraph 3.40 of the Explanatory Memorandum to the Tranche 3 Act. As a superannuation trustee, you will be unable to restrict access to a product dashboard by requiring a member to log in to access the product dashboard.

Product dashboard to be prominently displayed

We expect that you will show the product dashboard in a prominent position and that the product dashboard will be in a readily accessible location on your website.

A product dashboard is not readily accessible on your website if several pages have to be navigated through, or a site 'searched', to view the product dashboard, or if the product dashboard is otherwise difficult to find. The product dashboard should be able to be seen readily by a user of the website that has no prior knowledge of the concept of the product dashboard.

Timing of updates

General

If there is a change to a measure in the product dashboard, other than to the statement of fees and other costs (Measure 5, below), you will need to update the measure within 14 days of the change: s1017BA(1)(d) of the Corporations Act.

If there is a change to the amount of fees and other costs for the current financial year, you will need to update the product dashboard within 28 days of the change: s1017BA(1)(c) of the Corporations Act and reg 7.9.07W(4) of the Corporations Regulations.

Past return and comparison measures

For the measures that relate to returns for previous financial years (Measure 2, below) and the comparison between the return target and returns for previous financial years (Measure 3, below), we expect the product dashboard to be updated within 14 days of the trustee having all the information necessary to determine the net return for the relevant financial year.

For example, if on 8 August 2014 you have all the elements necessary to determine the net return for the financial year ended 30 June 2014, we consider that the updating period of 14 days will start to run from 8 August 2014. As a result, you will need to update Measure 2 and Measure 3 of the product dashboard by 22 August 2014 (for Measures 2 and 3, there will need to be at least one full financial year of performance history for the MySuper product and any predecessor product).

We understand that a net return that is calculated for a financial year may be adjusted from the time that all of the elements of the net return are first determined until the lodgement of SRF 700.0 with APRA. If there is a change to a net return in this interim period, we expect you to update Measure 2 and Measure 3 of the product dashboard within 14 days of having all the information necessary to determine the revised net return.

What is the purpose of the product dashboard?

The product dashboard is intended to provide key information about MySuper products, which is useful for both new and existing members, and for this information to be presented

in a standardised manner to allow consumers to easily compare products and make informed choices: paragraph 3.40 of the Explanatory Memorandum to the Tranche 3 Act.

What are the five measures in the product dashboard?

The Corporations Act sets out the general framework for the product dashboard, while the content and presentation requirements are explained in detail in the Corporations Regulations and SRS 700.0.

For a MySuper product, you must report on each measure in accordance with the Corporations Regulations: s1017BA(2) of the Corporations Act. The product dashboard for a MySuper product must be presented with the following headings for each measure (see reg 7.9.07Q of the Corporations Regulations):

Measure name
Return target
Return
Comparison between return target and return
Level of investment risk
Statement of fees and other costs

Under s1017BA(2) of the Corporations Act, the Government may make future regulations that add new measures to the product dashboard, or change the information that must be given in relation to the existing measures.

How are the measures affected by APRA's reporting standards?

The Corporations Regulations state that the measures in the product dashboard are to be worked out in accordance with APRA's data reporting standards, which currently include SRS 700.0. How to do this is covered in further detail below for each of the relevant measures in the product dashboard.

What information must I provide for each of the five measures?

Please refer to the example of a product dashboard, XYZ Super. This illustrates how the information for each measure could be presented for a MySuper product.

Measure 1: Return target

You must work out a return target in accordance with SRS 700.0: reg 7.9.07R of the Corporations Regulations. The return target must be worked out for a period of 10 years, starting at the beginning of the current financial year: reg 7.9.07R(3).

You will need to comply with your duties under the *Superannuation Industry (Supervision) Act 1993* (SIS Act) in relation to setting and changing return targets. You should exercise caution in changing return targets without a reasonable basis, including the manipulation of return targets to produce more favourable information in the product dashboard. We will monitor trustee behaviour in this area.

The method of determining the return target is set out in SRS 700.0. The return target is the mean annualised estimate of the percentage rate of net return of a representative member that exceeds the growth in the consumer price index (CPI) over 10 years: see the instructions to SRS 700.0 at SRF 700.0 Instructions – page 3 (item 1). The concepts of 'net return' and 'representative member' are explained in Measure 2 below.

Measure 2: Returns for previous financial years

You must state the return for the MySuper product for each financial year in the past 10 financial years or, where applicable, the offering period: reg 7.9.07S of the Corporations Regulations.

For each full financial year, the return is the net return of a representative member: see the instructions to SRS 700.0 at SRF 700.0 Instructions – pages 3 and 4 (item 2). The net return of a representative member is the net investment return of a representative member:

- minus administration fees, costs and taxes of a representative member – this means the sum of administration fees, indirect cost ratio administration costs, other administration costs and administration-related tax expense/benefit, as defined in the instructions to SRS 700.0 (SRF 700.0 Instructions – pages 2, 4, 6 and 7), and
- minus advice fees, costs and taxes of a representative member – this means the sum of advice fees, indirect cost ratio advice costs, other advice costs and advice-related tax expense/benefit, as defined in the instructions to SRS 700.0 (see SRF 700.0 Instructions – pages 2, 4, 6 and 7).

The ‘net investment return’ of a representative member is the time-weighted rate of return on investments, net of investment fees, indirect cost ratio investment costs, other investment costs and taxes on investment income, adjusted for cash flows as they occur: see the instructions to SRS 700.0 and the definitions at SRF 700.0 Instructions – pages 6 and 7.

A ‘representative member’ is defined as a member who is fully invested in the MySuper product, who does not incur any activity fees during a year and who has an account balance of \$50,000 throughout that year, excluding any investment gains or losses on the \$50,000 balance: see the instructions to SRS 700.0 and the definition at SRF 700.0 Instructions – page 6.

You will need to apply APRA Reporting Standard SRS 702.0 *Investment performance* (SRS 702.0) to convert fees charged on a flat dollar basis into fees charged on a percentage of assets based on a representative member. Please refer to the instructions to SRS 700.0 and SRS 702.0 for detailed information about how to calculate the net return.

The offering period is relevant where the MySuper product and any predecessor product have been in existence for a total period of less than 10 financial years. The offering period is the number of whole financial years for which the MySuper product and any predecessor product have been offered: see reg 7.9.07N of the Corporations Regulations.

A ‘predecessor product’ is a default investment option in existence on 30 June 2013 for which, if a member’s accrued default amount were attributed to the MySuper product, the trustee would be exempted from the disclosure requirements under reg 9.46(2) of the Superannuation Industry (Supervision) Regulations 1994 (SIS Regulations): see reg 7.9.07N of the Corporations Regulations. Please refer to our Information Sheet 169 *Notifying members about superannuation transfers: Accrued default amounts (MySuper transition)* (INFO 169) for guidance about the operation of reg 9.46(2).

For example, if a trustee has offered a MySuper product for two financial years and a predecessor product for the previous five financial years, the offering period for setting out returns is seven whole financial years.

If the MySuper product and any predecessor product have a combined existence of less than one full financial year, it is not acceptable for a trustee to omit Measure 2 – or Measure 3 below – from the product dashboard. We expect you to include both measures with an explanation to the effect that no past return information is available because the MySuper product and any predecessor product have a combined existence of less than one full financial year.

Measure 3: Comparison between return target and returns for previous financial years

You will be required to show a comparison, set out as a graph, between the return target and the returns for previous financial years. The requirements are set out in regs 7.9.07T and 7.9.07U of the Corporations Regulations.

The graph will need to show the following for the comparison period:

- the returns for previous financial years (as required by Measure 2) – this must be shown as a percentage rate for each MySuper product and any predecessor product. For each year in the comparison period, the percentage rate of net return must be shown on the graph as a column
- the moving average return target – this must be shown on the graph as a line, and must be worked out for each year in accordance with the calculation method required by SRS 700.0: see the instructions to SRS 700.0 at SRF 700.0 Instructions – pages 5 and 6 (item 2, column 4). The moving average return target for a particular year will be the average of the return targets for the relevant year and the previous years in the comparison period, and will factor in the annual growth in CPI
- the moving average return – this must be shown on the graph as a line. The moving average return for a particular year will be the average of the returns for the relevant year and the previous years in the comparison period. See the instructions to SRS 700.0 for detailed information about how to calculate the moving average net return.

The ‘comparison period’ is:

- the past 10 whole financial years if the MySuper product, or the MySuper product and a predecessor product, have been offered for at least 10 financial years; or
- the total number of whole financial years for which the MySuper product, or the MySuper product and a predecessor product, have been offered (see regs 7.9.07N, 7.9.07S, 7.9.07T and 7.9.07U).

Measure 4: Level of investment risk

You will need to display in the product dashboard the level of investment risk for each MySuper product: see reg 7.9.07V of the Corporations Regulations.

In complying with this requirement, you must disclose the level of investment risk using the standard risk measure in SRS 700.0: see Part A, item 3 of SRF 700.0. The standard risk measure, published in July 2011 by the Financial Services Council and the Association of Superannuation Funds of Australia, requires risk to be labelled in terms of the anticipated number of years of negative returns for the product over 20 years, with each number corresponding to a risk description that ranges from very low to very high. The risk description is required to be disclosed in the product dashboard and reported to APRA under SRS 700.0.

Measure 5: Statement of fees and other costs

You will need to give a statement of fees and other costs: see reg 7.9.07W of the Corporations Regulations. You must work out the fees and costs for the current financial year: reg 7.9.07W(3).

The amount of these fees and other costs must be calculated as set out in the instructions to SRS 700.0: see SRF 700.0 Instructions – page 8 (item 4), and the definitions at SRF 700.0 Instructions – pages 6 and 7. Under SRS 700.0, the amount of fees and other costs will be the sum of the following components for a representative member:

- investment fees – these are defined in s29V(3) of the SIS Act as fees that relate to the investment of the assets of the fund and include:
 - fees in payment for the exercise of care and expertise in the investment of those assets (including performance fees), and

- costs incurred by the trustee or trustees of the fund excluding costs charged as an administration fee, a buy–sell spread, a switching fee, an exit fee or an activity fee)
- indirect cost ratio investment costs, as defined in the instructions to SRS 700.0
- other investment costs, as defined in the instructions to SRS 700.0
- administration fees – these are defined in s29V(2) of the SIS Act as fees, gross of tax obligations, that relate to the administration or operation of the fund, excluding fees or costs that are charged as an investment fee, a buy–sell spread, a switching fee, an exit fee or an activity fee
- indirect cost ratio administration costs, as defined in the instructions to SRS 700.0
- other administration costs, as defined in the instructions to SRS 700.0
- advice fees, as defined in the instructions to SRS 700.0. The definition incorporates the definition of an advice fee in s29V(8) of the SIS Act
- indirect cost ratio advice costs, as defined in the instructions to SRS 700.0, and
- other advice costs, as defined in the instructions to SRS 700.0.

You will need to be consistent with the equivalent requirements in SRS 702.0 to convert fees charged on a flat dollar basis into fees charged on a percentage of assets.

It is important to understand that the amount shown in the product dashboard for fees and costs will not necessarily be the amount of fees and costs that are incurred for a financial year by a particular member. The measure will be a base-level tool for consumers to compare the level of fees and costs between different MySuper products.

Product dashboard for a lifecycle MySuper product

You will need to prepare a product dashboard for each lifecycle stage of a lifecycle MySuper product. For each measure in the product dashboard, you must report on the measure in relation to each lifecycle stage of the MySuper product in accordance with SRS 700.0. This is because the returns, the return target, the risks and (to the extent allowed by the SIS Act) the fees and costs may vary between those subclasses of members: see the Explanatory Statement to the Superannuation Legislation Amendment (MySuper Measures) Regulation 2013.

Product dashboard to be included in the periodic statement

For reporting periods that end from 1 January 2015, you will be required to include in each periodic statement that is sent to a member, including an exit statement, the latest product dashboard for each investment option, including each MySuper product that the member is invested in: reg 7.9.20(1)(o) of the Corporations Regulations.

For a periodic statement for a reporting period that ends on or before 31 December 2014, you are not required to comply with reg 7.9.20(1)(o): see Class Order [CO 13/1534] *Deferral of Stronger Super amendments in relation to PDS and periodic statement disclosure*. To rely on the relief in [CO 13/1534], you must include in, or in a document accompanying, the periodic statement:

- a website address for the latest product dashboard for the investment option, and
- a statement to the effect that the latest product dashboard for the investment option can be found at the website address.

When do the product dashboard requirements *not* apply?

When you offer a MySuper product, there are no statutory exceptions from the requirement to publish and update a product dashboard.

Disclosing future matters

When you display the return target and the level of investment risk in the product dashboard, you will need to give information about future matters. We remind you that the disclosure of future matters will be deemed to be misleading unless you have reasonable grounds for the information disclosed: see s769C of the Corporations Act.

You should consider our guidance in Regulatory Guide 170 *Prospective financial information* (RG 170), including about giving warnings on your website (as described in RG 170.91–RG 170.94), so that consumers will understand the predictive character of the measures on the return target and level of investment risk.

Disclosing information about past performance

Measures 2, 3 and 5 of the product dashboard depend on actual performance information for a MySuper product and any predecessor product.

In setting these measures in the product dashboard, it was considered that consumers should be given information about the past performance of a MySuper product and any predecessor default investment options to enable them to evaluate the MySuper product and compare it with other products.

You should consider our guidance in Regulatory Guide 53 *The use of past performance in promotional material* (RG 53), including about giving warnings (as described in paragraph 8.2), to the effect that past returns will not necessarily be repeated and that fees and costs will not necessarily be the same in future financial years.

Can I include additional content with the product dashboard?

You may choose to include links, roll-over mouse clicks or similar mechanisms within the product dashboard that allow a user of the product dashboard to see an explanation of some or all of the elements of the product dashboard (e.g. the meaning of the return target). Other than providing explanatory material of this type, you should not include information within the parameters of the product dashboard unless that information is required by the product dashboard provisions. If you include optional information (e.g. asset allocation information) within the product dashboard, this may confuse users and compromise their ability to compare multiple (non-uniform) product dashboards.

You may set out additional information on your website in a location that is near, but outside, the product dashboard. However, you should observe good disclosure principles in giving additional content to ensure that the presentation of the product dashboard is still helpful for consumers and is not misleading or deceptive. For more useful information, see our Regulatory Guide 234 Advertising financial products and advice services: Good practice guidance (RG 234).

What are ASIC's powers in relation to product dashboards?

Failing to make a product dashboard for a MySuper product publicly available is an offence (s1021NA(1) of the Corporations Act), with maximum penalties for a natural person of 100 penalty units or two years imprisonment, or both.

You will also be committing an offence under s1021NA(2) and 1021NA(3) of the Corporations Act if:

- you fail to keep a product dashboard updated as required
- there is an omission from the product dashboard information, or
- the product dashboard information is misleading or deceptive.

If you publish a product dashboard, knowing it to be defective, the maximum penalties for a trustee that is a natural person are 200 penalty units or five years imprisonment, or both. The maximum fines for a corporate trustee are five times these amounts: s1312(1) of the Corporations Act.

We may exercise our powers if a product dashboard is defective, as defined in s1020E(11) of the Corporations Act. A product dashboard is defective if it has not been updated as required by s1017BA of the Corporations Act, if the product dashboard omits information required by s1017BA and regulations made under that provision, or if the information in the product dashboard is otherwise misleading or deceptive.

As explained earlier, you are committing an offence if a product dashboard is defective. More severe penalties apply if you publish a product dashboard on your website, knowing that the product dashboard is defective. You may have a defence available in relation to the publication of a defective product dashboard where, in broad terms, you took reasonable steps to ensure that the product dashboard was kept up-to-date, did not omit the required information, or the information was not otherwise misleading or deceptive: see s1021NA(5)–1021NA(7).

If a product dashboard is defective, ASIC has the power to issue a stop order to restrain you from engaging in specified conduct while the order is in force: see s1020E of the Corporations Act.

Further, under s1022B of the Corporations Act, civil action may be taken against you by a person who suffers loss or damage as a result of the product dashboard not containing the information required by s1017BA of the Corporations Act, not being updated as required, or containing misleading or deceptive information. You are not liable for civil action if you took reasonable steps to ensure that the information was not misleading or deceptive, or that there would not be an omission of the required information.

Attached example of the product dashboard

Attached to this information sheet is a copy of an example product dashboard for a MySuper product that has been prepared by ASIC to assist you in designing your own product dashboard. The example is for guidance only, and you do not need to copy the exact format, or disclose information in exactly the same way, in the product dashboards for your MySuper products.

Where can I get more information?

- Go to the Australian Government's Stronger Super website at www.strongersuper.gov.au
- Download INFO 169 from www.asic.gov.au/infosheets
- Download [CO 13/1534] from www.asic.gov.au/asic/asic.nsf/byheadline/2013+Class+Orders?openDocument
- Download APRA's SRS 700.0 from www.apra.gov.au/Super/ReportingFramework/Pages/Final-reporting-standards-for-Superannuation-June-2013.aspx
- Download APRA's SRS 702.0 from www.apra.gov.au/Super/ReportingFramework/Pages/Final-reporting-standards-for-Superannuation-June-2013.aspx
- Download 14-110MR from www.asic.gov.au/asic/asic.nsf/byheadline/14-110MR+ASIC+reviews+MySuper+product+dashboards?openDocument
- Contact ASIC on 1300 300 630 or by email at StrongerSuperReforms@asic.gov.au

Important notice

Please note that this information sheet is a summary giving you basic information about a particular topic. It does not cover the whole of the relevant law on that topic, and it is not a substitute for professional advice. You should also note that, because this information sheet avoids legal language wherever possible, it might include some generalisations about the application of the law. Some provisions of the law referred to have exceptions or important qualifications. In most cases, your particular circumstances need to be taken into account when determining how the law applies to you.