



**ASIC**  
Australian Securities &  
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By email only

**Treasury Laws Amendment (Protecting Your Superannuation Package) Act 2019 (PYSP Act) – member communications**

The purpose of this letter is to highlight to industry our expectations relating to member communications associated with the PYSP Act, particularly in relation to initial insurance cancellation notices to be issued by 1 May 2019.

As this is a significant change in the arrangements applying to many superannuation members we expect, despite time pressures, that trustees will communicate in a way that focuses on the interests of members.

**Background**

The PYSP Act aims to ensure that members have insurance arrangements that are suitable for them without unnecessarily eroding superannuation balances and provide for the consolidation of multiple accounts that members may hold.

ASIC has been delegated responsibility for the general administration of the transitional arrangements provided for in item 3 of Schedule 2 of Part 2 of the PYSP Act.

Although at the date of this letter regulations for the purposes of the PYSP Act have not been made, in view of timeframes we expect that significant work is underway in preparing for member communications.

Notice in writing will be required to be provided by trustees, by 1 May 2019, to those members whose choice or MySuper product account is identified on 1 April 2019 as having been inactive for a continuous period of at least 6 months. In addition, trustees may decide to communicate with affected members in other ways in relation to insurance cancellation for inactive members or prior to low balance accounts being swept to the ATO.

## Communicating with members

There are a number of challenges in communicating with the relevant members ahead of the first implementation of the PYSP Act requirements in relation to switching off insurance and sweeping accounts to the ATO. These stem from the fact that these members are inactive and that there is poor understanding of the changes being made among consumers generally.

In addition, staff within funds may have biases that suggest it is appropriate to encourage all members to maintain insurance or to take all steps necessary to maintain the member's account within the fund, when it may not be in the member's best interests to do so.

It is our expectation that, in meeting the obligations imposed by the PYSP Act (and the anticipated regulations):

1. All notices/communications issued to members (and any other information published by trustees in respect of the changes introduced by the PYSP Act) should provide information in a balanced and factual way, that is not misleading and/or deceptive (see: [ASIC RG 234](#)). Such communication should support those members who receive and read the information to make an informed decision about whether to allow their cover to cease or benefits to be transferred, or to take action to prevent either of these things from happening.
2. Trustees develop all messaging, and design related processes required to fulfil obligations created by the PYSP Act, through the lens of members' best interests. As such:
  - There should be no inducement to action through the offer of rewards or benefits (e.g. prizes of any kind) that are not related to the choice to be made. Nor should the communications create unnecessary concern or confusion about the nature of the changes and their potential ramifications for members. For instance, creating an impression that superannuation money sent to the ATO is 'lost' to the member.
  - Trustees should encourage members to seek advice if they are unsure about whether they should be taking any action.
3. If the trustee has a cohort of members for whom the maintenance of insurance is likely to be especially important (e.g. required as a pre-condition of being able to work in particular occupations) trustees should take additional steps to reach those members with relevant information.
4. In relation to the first implementation of the changes, superannuation trustees should take all reasonable steps to reach members when issuing communications. This may include the use of various channels of communication such as email, text or telephone calls, with additional consideration given to current 'lost' members and those members who may live in remote areas or be subject to vulnerabilities. This should be in addition to any requirements imposed by legislation, and anticipated regulations, with respect to required form and content of any member communications.
5. Trustees should monitor member queries and feedback as a way of obtaining insights which are applied in future communications about insurance cessation or the treatment of low balance accounts.

6. If members are directed to the trustee's website to understand the notices/communications issued to them, the relevant parts of the website should provide up to date information.

ASIC is currently updating our MoneySmart [webpage](#) to include consumer focused information regarding PYSP reforms. We encourage superannuation trustees to include reference to ASIC's MoneySmart webpage where relevant, as an additional, independent source of information for their members. We will notify you when this information has been updated.

We have also included as an Appendix to this letter some tips for developing consumer-centric messages and processes. These may be useful as trustees prepare member communications about the changes introduced by the PYSP Act.

We note that trustees already provide information to members that can be drawn on in producing material for members in the current context (e.g. explanation of insurance for current opt-out arrangements). In addition, we are aware from recent work we have undertaken that 62 trustees have publicly indicated that they will implement the Insurance in Superannuation Voluntary Code of Practice. Planning for implementation would have necessitated thinking about communications of the kind contemplated by the PYSP Act.

### **Next Steps**

Please ensure the messages in this letter are shared with relevant parties who may be involved in the drafting and creation of member communication, and the design and implementation of processes that will support these changes.

ASIC is working closely with APRA and the ATO to ensure the implementation of these changes are executed in the best interest of members. We will provide further messaging to relevant stakeholders as the need arises during the transition phase of the PYSP reforms. We also expect to review a sample of member communications related to the PYSP reforms during this year in order to understand whether members are being misled.

If you have any questions in the meantime, please contact me on (02) 9911 2183, or via email on [Jane.Eccleston@asic.gov.au](mailto:Jane.Eccleston@asic.gov.au).

Yours sincerely

Jane Eccleston  
Senior Executive Leader, Superannuation  
Australian Securities Investment Commission

## Appendix 1: Tips for developing consumer-centric communications and processes.

ASIC encourages trustees to adopt a consumer-centric approach when developing member communications and any related processes or information on the PYSP reforms which members may interact with. Elements of a consumer-centric approach which trustees may consider adopting include:

- **Layering information.** In addition to any mandated content, only include information necessary for members to understand and make an informed decision. Order the information in a balanced and factual way, from most to least important, from your member's point of view.
- **Using headlines and providing signposts.** Create short sections with reader-centric labels, so it is easy for the member to find answers to questions they may have. Clear signposts should also point to where members can find additional information, make further enquiries and where they might take action if they choose to do so.
- **Personalise where possible.** Where data is available, information or delivery channels can be tailored for different groups of members.
- **Make the process easy.** Consumer-centric communication should be backed up by consumer-centric processes. ASIC encourages trustees to consider the user-friendliness of processes related to or affected by PYSP reforms including whether:
  - Contact centres will be resourced sufficiently to deal with potentially elevated rates of member enquiries. Do contact centre staff have easy access to sufficient resources to allow them to respond effectively and factually to member enquiries? Is there utility in implementing a specific PYSP-related IVR option or email address for member enquiries?
  - Steps to take action are clear and simple. For those members who do wish to make an election to retain insurance benefits (for example) the process for doing so should be as clear and simple as possible while mitigating the risk that people who do not wish to make a choice may inadvertently do so.