



ASIC
Australian Securities &
Investments Commission

REGULATORY GUIDE 000

Superannuation forecasts: Calculators and retirement estimates

November 2021

About this guide

This guide is for:

- superannuation trustees who provide superannuation calculators and retirement estimates to their members; and
- other providers of superannuation calculators.

It explains what providers need to do to rely on our relief in ASIC Instrument 2022/XXX in relation to superannuation calculators and retirement estimates ('superannuation forecasts').

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 draft guide was issued in November 2021 and is based on legislation and regulations as at the date of issue.

Previous versions:

- Superseded Regulatory Guide 229 *Superannuation forecasts*, issued in November 2014

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 a numerical indication provided to a superannuation fund member (member) of the balance of their superannuation investment at retirement, or of their income during retirement. A superannuation forecast can be provided in the form of a superannuation calculator or as a retirement estimate.

This guide explains the relief we have given to superannuation trustees (trustees) that give superannuation calculators and retirement estimates to their members. It also explains the relief we have given to other providers of superannuation calculators.

We have provided relief from the personal advice provisions of the *Corporations Act 2001* (Corporations Act) where:

- a superannuation forecast includes the mandatory disclosures and presentation requirements, and does not advertise or promote a specific financial product (see Section C);
- the default assumptions used to work out the superannuation forecast are reasonable and set according to our requirements (see Section D); and
- for retirement estimates—the estimate is included in, or accompanies, the periodic statement or is made available to members at any time through a member’s online portal (see Section E).

Superannuation forecasts

What are superannuation forecasts?

- RG 000.1 A superannuation forecast is a numerical indication provided to a member or other person of the balance of their superannuation investment at retirement, or of their income during retirement, taking into account:
- (a) their current account balance;
 - (b) the impact of fees; and
 - (c) assumptions about future contributions, earnings and other matters.
- RG 000.2 A superannuation forecast may be provided in the form of a calculator that is not personalised to any particular person and that involves, to some extent, the input of certain information by users of the calculator.
- RG 000.3 A superannuation forecast may also be generated by a trustee and provided to a member in the form of a statement (referred to in this guide as a ‘retirement estimate’). This includes a statement that allows members to change certain assumptions (referred to as an ‘interactive retirement estimate’).

Potential benefits of superannuation forecasts for members

- RG 000.4 Most Australians do not engage fully with their superannuation. They may have little idea of how much income they will have in retirement and how this compares to the amount they will need.
- RG 000.5 Superannuation forecasts are tools that can help some members to think about how superannuation can be part of their retirement income by, for example, prompting them to review their situation and seek further information.
- RG 000.6 It is not mandatory for a trustee to provide superannuation calculators or retirement estimates to its members. However, trustees may choose to make use of our relief in *ASIC Corporations (Superannuation Calculators and Retirement Estimates) Instrument 2022/XXX* (ASIC Instrument 2022/XXX) to help members think about how much income they could have in retirement. Trustees could do this by:
- (a) enabling members to input their own information into a superannuation calculator, to obtain an indication of their retirement income; or
 - (b) providing members with a retirement estimate.
- RG 000.7 We think that superannuation calculators and retirement estimates both play an important and complementary role.
- RG 000.8 Superannuation calculators (sometimes called ‘retirement calculators’) can allow members to explore their future retirement income in greater depth compared to a retirement estimate. For example, calculators may be used to illustrate the effects on a member’s retirement benefit of:
- (a) making alternative decisions;
 - (b) paying different levels of fees; or
 - (c) retiring at different ages.
- RG 000.9 The purpose of retirement estimates is to provide an accessible starting point for members to consider whether their superannuation is likely to provide them adequate income in retirement. We think that such forecasts may serve as a prompt for further investigation of issues that are relevant to a member’s retirement income.
- RG 000.10 However, both types of superannuation forecast have limitations. They are based on assumptions about economic and financial conditions over long periods, as well as assumptions about a member’s future circumstances (e.g. income and retirement age). This means there are inherent limitations on the accuracy of these forecasts and thus on their usefulness as a basis for making financial decisions.

RG 000.11 Our relief requires providers of superannuation forecasts to take steps to minimise the risk of their forecasts being misleading or confusing. Our relief also does not permit providers to use forecasts to advertise or promote specific financial products.

RG 000.12 ASIC provides financial information and education to consumers through our Moneysmart website. The website contains general information about superannuation and retirement planning, and a number of superannuation and retirement calculators, which members can use to help them understand how various factors may influence their superannuation balance and retirement income.

Note: For more information about the superannuation and retirement calculators available on the Moneysmart website, see the appendix.

Advice requirements when providing superannuation forecasts

RG 000.13 Superannuation forecasts, whether delivered as a superannuation calculator or a retirement estimate, may involve personal advice.

RG 000.14 Therefore, without relief, trustees that give their members superannuation forecasts may need to hold an Australian financial services (AFS) licence with an authorisation to give personal advice, and comply with the personal advice requirements of the financial services licensing regime, including the requirement to prepare Statements of Advice, when providing superannuation forecasts.

RG 000.15 Without our relief, these requirements would also apply to providers of superannuation calculators who are not trustees.

Our relief

RG 000.16 We understand the imposition of the regulatory requirements and/or uncertainty about their application may inhibit the provision of superannuation calculators and retirement estimates, particularly because these tools are often provided free of charge.

RG 000.17 For this reason, we have given relief to providers of superannuation forecasts in ASIC Instrument 2022/XXX (referred to in this guide as ‘our relief’).

RG 000.18 ASIC Instrument 2022/XXX gives relief from the licensing, conduct and disclosure requirements relating to personal advice in the Corporations Act. The instrument does not give relief from other relevant provisions concerning the provision of superannuation forecasts, such as prohibitions on misleading or deceptive conduct: see RG 000.32–RG 000.34.

Our guidance

RG 000.19 This guide is for providers of superannuation forecasts (i.e. trustees and other providers who provide superannuation calculators and trustees who provide retirement estimates to their members). It explains what providers need to do to rely on our relief in ASIC Instrument 2022/XXX in relation to superannuation calculators and retirement estimates.

RG 000.20 Specifically, this guide covers:

- (a) key aspects of the relief we have given in relation to superannuation forecasts, which is contained in ASIC Instrument 2022/XXX (see Section B);
- (b) how a forecast can be presented and the disclosures it must include (see Section C);
- (c) how the default assumptions that are used in working out a forecast are to be set (see Section D); and
- (d) for retirement estimates—the timing and manner of giving retirement estimates (see Section E).

B Key aspects of our relief for superannuation forecasts

Key points

ASIC Instrument 2022/XXX sets out the basis on which we provide relief to providers of superannuation forecasts.

This section explains the relief we offer to providers of superannuation calculators and retirement estimates, the conditions that apply to that relief, and other legal requirements which continue to apply (including the prohibition on misleading and deceptive conduct): see RG 000.21–RG 000.37.

The conditions of our relief include a requirement to notify ASIC of non-compliance with the instrument and to keep records: see RG 000.38–RG 000.47(b). There are also transitional arrangements in place: see RG 000.48–RG 000.55.

This section also sets out how superannuation forecasts that do not meet the requirements of ASIC Instrument 2022/XXX may still be given under the advice framework in the Corporations Act, by seeking individual relief or by giving a superannuation calculator or retirement estimate that is factual information: RG 000.56–RG 000.61.

It also describes our relief for generic financial calculators that are not superannuation calculators: see RG 000.62–RG 000.65.

Our relief

- RG 000.21 We have given relief to providers of superannuation forecasts in ASIC Instrument 2022/XXX. This instrument gives relief from the licensing, conduct and disclosure requirements relating to personal advice in the Corporations Act, subject to conditions.

Relief for superannuation calculators

- RG 000.22 A superannuation calculator can be a facility, device, table or other thing (including an online tool) that uses, as a minimum, certain default assumptions to work out a numerical calculation (or find out the result of a numerical calculation) about a superannuation product.
- RG 000.23 We give relief to providers of superannuation calculators from the requirement to hold an AFS licence: see ASIC Instrument 2022/XXX. Where providers already hold an AFS licence, we give relief from the advice, conduct and disclosure requirements of Pt 7.7 of the Corporations Act.

- RG 000.24 Unlike retirement estimates or interactive retirement estimates, a superannuation calculator does not use information the provider (such as a trustee) may hold about a person unless the person has input that information.
- RG 000.25 Our relief for superannuation calculators is given on certain conditions:
- (a) the superannuation calculator does not advertise or promote a specific financial product and complies with presentation and disclosure requirements (see Section C); and
 - (b) the default assumptions are reasonable and set according to our requirements (see Section D).

Relief for retirement estimates

- RG 000.26 A retirement estimate is a superannuation forecast generated by a trustee and provided to a member in the form of a statement, rather than through a calculator. An interactive retirement estimate is a retirement estimate provided in a way that allows members to change certain assumptions.
- RG 000.27 ASIC Instrument 2022/XXX provides licensing relief to trustees who give retirement estimates to their existing members. Where a trustee already holds an AFS licence, we give relief from the advice, conduct and disclosure requirements of Pt 7.7 of the Corporations Act.
- RG 000.28 Our relief for retirement estimates is given on certain conditions:
- (a) the retirement estimate does not advertise or promote a specific financial product (except to the extent necessary to provide the estimate) and it complies with presentation and disclosure requirements (see Section C);
 - (b) the member's retirement benefit is worked out using the default assumptions (see Section D); and
 - (c) the retirement estimate is included in, or accompanies, the member's periodic statement or is made available electronically through the member's online portal (see Section E).
- RG 000.29 Our relief for retirement estimates is limited to retirement estimates provided to members who:
- (a) have been members of the fund during the year ending on the date of the estimate;
 - (b) are less than 67 years of age at the date of the estimate;
 - (c) are not in the retirement phase at the date of the estimate;
 - (d) have made or received a contribution to their account with the fund during the year ending on the date of the estimate;

- (e) have an account balance with the fund of \$6,000 or greater at the date of the estimate; and
- (f) do not have a defined benefit interest in the fund.

RG 000.30 We have restricted the cohort of members who may receive retirement estimates because, for those groups of members who are excluded, we consider that a retirement estimate is likely to be misleading, regardless of how the retirement estimate is worked out.

RG 000.31 For example, a retirement estimate is likely to be misleading for members who do not have a predictable pattern of future contributions, or for whom the economic and financial assumptions a trustee may set under our relief are unlikely to be suitable.

Legal requirements which continue to apply

RG 000.32 Superannuation forecasts, including the accompanying disclosures, are subject to the prohibition against misleading or deceptive conduct in the Corporations Act and the *Australian Securities and Investments Commission Act 2001* (ASIC Act). A provider must not give a member a superannuation forecast if doing so would be misleading or likely to mislead.

RG 000.33 The prohibition on misleading or deceptive conduct applies regardless of whether or not forecasts are provided under our relief. However, whether a provider of a superannuation forecast is complying with the requirements of the relief in ASIC Instrument 2022/XXX is likely to be a factor taken into account by ASIC when considering action for misleading or deceptive conduct.

RG 000.34 Providers of superannuation forecasts can reduce the risk of the forecast being misleading or likely to mislead by following the guidance we have set out in this guide, including our guidance on:

- (a) presenting and disclosing forecasts (see Section C); and
- (b) setting reasonable default assumptions (see Section D).

RG 000.35 We consider that, where a trustee of an accumulation scheme relies on our relief for an account that is still in accumulation phase, the trustee will likely meet the requirement to ensure that it has reasonable grounds for making a representation in relation to a future matter concerning a financial product: see s769C of the Corporations Act, s12BB of the ASIC Act.

RG 000.36 This is on the basis that the trustee complies with all requirements of our relief, including the requirement that the assumptions are reasonable for the purpose of working out the calculation or estimate.

- RG 000.37 We also note that ASIC Instrument 2022/XXX does not give relief to superannuation trustees from the requirements under s99F of the *Superannuation Industry (Supervision) Act 1993*. A trustee of a regulated superannuation fund must not directly or indirectly pass on to members the cost of establishing and operating a superannuation calculator if it involves the provision of personal advice to non-members or relates to a financial product that is not a beneficial interest in the fund.

Compliance issues

- RG 000.38 Under ASIC Instrument 2022/XXX, a provider must notify ASIC of certain matters ('breach notification condition'). A provider must also comply with conditions relating to record keeping.
- RG 000.39 Under our relief, a failure to comply with a condition, other than a breach notification condition, does not preclude a provider from taking advantage of the relief.

Breach notification condition

- RG 000.40 The breach notification condition is an important element of the effective regulation of superannuation forecasts. It is also consistent with our approach in [ASIC Corporations \(Generic Calculators\) Instrument 2016/207](#) (ASIC Instrument 2016/207).

Note: See [Regulatory Guide 167](#) *Licensing: Discretionary powers* (RG 167) at RG 167.115–167.122.

- RG 000.41 If a provider is relying on our relief and becomes aware of matters giving it reason to believe it has failed, other than in an immaterial respect, to comply with a condition, the provider must notify ASIC as soon as practicable, and in any case within 10 business days of becoming aware of the breach.
- RG 000.42 Whether a breach is material will depend on the individual circumstances of the breach. Consistent with our approach in ASIC Instrument 2016/207, we consider that an immaterial breach is a breach of a technical or trivial kind. In the case of superannuation calculators and interactive retirement estimates, see the example in [RG 167](#) at RG 167.58.
- RG 000.43 Providers that fail to notify ASIC of a material breach or possible material breach within 10 business days of becoming aware of the breach may be excluded from taking advantage of our relief.

How to notify ASIC of a breach

RG 000.44 A provider should report a breach through the [ASIC Regulatory Portal](#). For information on how to notify ASIC of reportable situations through the portal, see [How to submit a reportable situation](#) on the ASIC website.

Note: Since 1 October 2021, AFS licensees are required to submit notifications about reportable situations (previously known as breach reports) to ASIC via the ASIC Regulatory Portal. For more information, see [Regulatory Guide 78 Breach reporting by AFS licensees and credit licensees](#) (RG 78).

RG 000.45 In determining any regulatory response, we will consider the nature, scope and effect of any breach, including whether the provider has identified the cause of the breach and addressed it so that it is unlikely to recur.

Record-keeping requirements

RG 000.46 A trustee or other provider must keep a copy of the superannuation calculator or retirement estimate provided under our relief for seven years after the calculator or estimate has been made available. This is consistent with our approach to generic financial calculators in ASIC Instrument 2016/207.

RG 000.47 In the case of a superannuation calculator that is an electronic facility or device, and an interactive retirement estimate:

- (a) the copy held by the trustee or provider must be functional—that is, able to reproduce each actual use of the calculator or estimate by an individual user; and
- (b) the calculator or estimate must not prevent the user from readily printing or electronically storing the estimate.

Transitional arrangements

RG 000.48 Transitional arrangements are available for six months after the relief in ASIC Instrument 2022/XXX commences. This means that trustees and providers that do not meet the requirements of ASIC Instrument 2022/XXX can continue to rely on the pre-existing relief but must meet the requirements of that relief.

RG 000.49 The pre-existing relief is set out in:

- (a) for superannuation calculators—[ASIC Instrument 2016/207](#); and
- (b) for retirement estimates—[Class Order \[CO 11/1227\] Relief for providers of retirement estimates](#).

RG 000.50 The requirements of the pre-existing relief are discussed in the superseded versions of [Regulatory Guide 229 Superannuation forecasts](#) (RG 229) and [RG 167](#).

- RG 000.51 They contain different requirements for setting default assumptions in superannuation forecasts. The presentation and disclosure requirements for retirement estimates are also different.
- RG 000.52 During the transition period, ASIC will take steps to update the superannuation and retirement calculators on the Moneysmart website to align with the framework in ASIC Instrument 2022/XXX. We will aim to update these calculators by 1 July 2022.
- RG 000.53 Providers of superannuation calculators that choose to rely on the default assumptions of the Moneysmart calculators may continue to rely on the current default settings while ASIC is transitioning the Moneysmart calculators to the new framework.
- RG 000.54 Once ASIC has updated the Moneysmart calculators to align with the new framework, providers that choose to rely on the default assumptions in the Moneysmart calculators should consider whether to adopt the new default assumptions. Alternatively, providers can adopt different assumptions in line with the requirements of ASIC Instrument 2022/XXX.
- RG 000.55 All superannuation forecasts must be compliant with the new framework in ASIC Instrument 2022/XXX by the end of the transition period, which is six months after the instrument commences, to rely on our relief.

Superannuation forecasts that do not meet the requirements of our relief

- RG 000.56 In some situations, it may not be appropriate to rely on the relief in ASIC Instrument 2022/XXX. In these situations, providers seeking to provide superannuation forecasts can do so by:
- (a) giving the member a forecast that is personal advice and complying with the personal advice requirements in the Corporations Act;
 - (b) applying to ASIC for individual relief; or
 - (c) giving the member a forecast that is factual information (see RG 000.59–RG 000.61).
- RG 000.57 If a provider already holds an AFS licence with an authorisation to give personal advice, the provider is free to give personal advice in any way it chooses, including by giving forecasts, as long as the personal advice requirements in the Corporations Act are complied with.
- RG 000.58 Where it is not practical to give personal advice, providers could apply to ASIC for individual relief. In assessing applications for relief, ASIC considers the likelihood of member detriment and how to minimise the scope

for superannuation forecasts to be used to advertise or promote financial products, among other factors.

Note: For further information on ASIC's powers to give relief, including factors we may consider and how to apply for relief, see [Regulatory Guide 51 Applications for relief](#) (RG 51) and Section B of [RG 167](#).

Calculators and estimates that are factual information

RG 000.59 If a provider does not provide financial product advice when giving a member a superannuation calculator or retirement estimate, it is likely to be providing factual information and may not need to rely on the relief in ASIC Instrument 2022/XXX.

Note: For more information on providing factual information, and the difference between factual information and financial product advice, see [Regulatory Guide 36 Licensing: Financial product advice and dealing](#) (RG 36) and [Regulatory Guide 244 Giving information, general advice and scaled advice](#) (RG 244).

RG 000.60 Examples of a superannuation calculator or retirement estimate that may be factual information include:

- (a) a superannuation calculator that works out the amount of a member's compulsory superannuation contributions based on information the member has inputted about their salary; and
- (b) a retirement estimate given to a member who is about to retire that shows their lump sum on retirement and does not require assumptions to be made about future contributions or investment earnings.

RG 000.61 If a member is given a superannuation calculator or retirement estimate that is factual information, the provider should inform the member that it is only factual information and not general or personal advice. This will help to avoid confusion. It will also help:

- (a) the member to understand the service they are getting; and
- (b) the provider to avoid engaging in misleading or deceptive conduct, or conduct that is likely to mislead or deceive: see RG 000.32–RG 000.34.

Relief for other financial calculators

RG 000.62 ASIC also provides relief for providers of certain other financial calculators from the advice, conduct and disclosure requirements relating to personal advice in the Corporations Act: see [ASIC Instrument 2016/207](#). This relief has been in place since 2005.

RG 000.63 ASIC Instrument 2016/207 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,

it gives relief from the advice, conduct and disclosure requirements of Pt 7.7 of the Corporations Act: see Section D of [RG 167](#).

- RG 000.64 ASIC Instrument 2016/207 applies to financial calculators in general (excluding superannuation calculators), such as calculators relating to managed investments or insurance.
- RG 000.65 A calculator that relates to a superannuation product or a retirement savings account (RSA) product is not covered by the relief in ASIC Instrument 2016/207, even if it also relates to other kinds of financial product.

C Presentation and disclosure of superannuation forecasts

Key points

This section explains how providers of superannuation forecasts must present forecasts and the disclosures they must include. Providers have flexibility in how they present forecasts to members, subject to meeting the requirements in ASIC Instrument 2022/XXX: RG 000.66–RG 000.70.

There are no specific presentation requirements for superannuation calculators: see RG 000.71–RG 000.72.

To take advantage of our relief for retirement estimates, trustees must present the retirement benefit as a lump sum and as an annual income stream. Trustees may only include an estimate of the member's age pension benefit in a retirement estimate if it is an interactive retirement estimate: see RG 000.73–RG 000.83.

Providers of superannuation calculators and retirement estimates must also disclose how the forecast was worked out and its limitations, but have flexibility in how they make these disclosures: see RG 000.84–RG 000.89.

Providers must not use a superannuation forecast to advertise or promote a specific financial product: see RG 000.90–RG 000.97.

This section also sets out some good practices for providers to consider in providing superannuation forecasts that are helpful to members and that help them to think about their income in retirement: see RG 000.98–RG 000.102.

Presentation requirements

- RG 000.66 Providers of superannuation forecasts have flexibility in how they can present these forecasts to members, provided they meet the requirements in ASIC Instrument 2022/XXX relating to:
- (a) elements that must or must not be presented as part of a forecast (see RG 000.71–RG 000.75);
 - (b) required disclosures (see RG 000.84–RG 000.89);
 - (c) not advertising or promoting a specific financial product (see RG 000.90–RG 000.97); and
 - (d) setting the default assumptions (see Section D).
- RG 000.67 Providers must also not provide a forecast if it is misleading or likely to mislead: see RG 000.32–RG 000.34.

- RG 000.68 Providers may make their own choices about:
- (a) the branding, design and layout of the forecast;
 - (b) the placement of the required disclosures;
 - (c) the inclusion, or otherwise, of diagrams, tables and graphs; and
 - (d) whether to provide the forecast in writing, or by video or audio: see also RG 000.194.
- RG 000.69 We think that giving trustees and other providers flexibility in how they present superannuation forecasts will allow them to tailor these forecasts to the particular needs of their members or users. We think that a flexible approach can also support innovation in developing new and effective ways to communicate with members.
- RG 000.70 However, we want to see providers using this flexibility in a way that is helpful for members and consistent with the purpose of superannuation forecasts to provide some members with an indication of how much income they could have in retirement. We have identified some good practices for providers to consider when giving a superannuation forecast: see RG 000.98–RG 000.102.

Superannuation calculators

- RG 000.71 Our relief does not prescribe how to present a superannuation calculator. Providers of superannuation calculators have discretion whether or not to:
- (a) display a forecast of a user's retirement balance, annual retirement income, or both;
 - (b) include age pension amounts in retirement income;
 - (c) allow the user to calculate how long a specified annual spending level could be sustained in retirement;
 - (d) display confidence intervals or risk levels alongside the result; or
 - (e) illustrate the effect of alternative scenarios (based on different combinations of assumptions).
- RG 000.72 We think that providers should have flexibility to design superannuation calculators that meet the needs of their users, subject to meeting the requirements in ASIC Instrument 2022/XXX: see RG 000.66.

Retirement estimates

- RG 000.73 To rely on the relief given in ASIC Instrument 2022/XXX, a trustee must present certain elements as part of a retirement estimate (including an interactive retirement estimate).
- RG 000.74 Setting presentation requirements ensures that key elements are present in all retirement estimates. This will help members to know what to look for in

their retirement estimate, particularly those members who move to a different superannuation fund, or who have more than one fund.

- RG 000.75 The amount shown as the estimated retirement benefit must be presented in today's dollars if it is an amount payable or accruing at a future time of two or more years: see RG 000.163.
- RG 000.76 The estimated retirement benefit must also be presented as both:
- (a) a lump sum (i.e. the superannuation balance at retirement); and
 - (b) an annual income stream (i.e. retirement income).
- RG 000.77 Both the lump sum and annual income stream must be rounded to the nearest three significant figures. For example, an estimate of \$23,289 should be rounded to \$23,300.
- RG 000.78 The annual income stream may be presented as an income amount for each year of the drawdown period, as an annual average income amount, or as both.
- RG 000.79 A retirement estimate that is an interactive retirement estimate may include age pension amounts in the annual income stream. A trustee must not include age pension amounts unless the retirement estimate meets the requirements we have set for interactive retirement estimates: see RG 000.198–RG 000.202.
- RG 000.80 A retirement estimate should show only one estimate of the member's retirement benefit (retirement balance and retirement income). It should not be used to illustrate the effect of alternative scenarios (although this might be produced by a member using an interactive retirement estimate). We consider that including additional estimates will undermine the key message.
- RG 000.81 A retirement estimate must also contain the required disclosures, including a clear and prominent statement of what assumptions have been used in working out the estimate and an explanation of why these assumptions are reasonable for the purpose of working out the estimate: see RG 000.84–RG 000.89.
- RG 000.82 Additional information may be presented alongside a retirement estimate. For example, a trustee may provide factual information about the age pension, such as information about eligibility criteria and payment rates. A trustee could also include a statement that the member can see how the age pension might supplement their retirement income by using an interactive retirement estimate or superannuation calculator.
- RG 000.83 Any additional information must not be misleading and must not be used to advertise or promote a specific financial product: see RG 000.32–RG 000.34 and RG 000.90–RG 000.97.

Disclosure requirements

RG 000.84 Superannuation forecasts have the potential to mislead or confuse members. Clear and accurate disclosure is necessary (but not sufficient) to help manage these risks, including the risk of members thinking that a forecast can be relied on to make a decision about a specific financial product.

Note: For other practices that can help manage the risks of misleading or confusing members, see RG 000.98–RG 000.102.

RG 000.85 ASIC Instrument 2022/XXX requires providers of superannuation forecasts to disclose certain information as part of the forecast if they are to rely on our relief.

RG 000.86 To rely on our relief, providers must take reasonable steps to ensure the superannuation calculator or retirement estimate displays, or has printed on it, a clear and prominent:

- (a) statement about the purpose and limitations of the calculator or estimate;
- (b) explanation of the impact of any significant limitation of the calculator or estimate (e.g. the impact of not including the taxation payable by the user, or of not enabling users to alter default assumptions);
- (c) statement of the assumptions;
- (d) explanation of why the assumptions (unless inputted or changed by the user) are reasonable for the purpose of working out the calculation or estimate;
- (e) statement setting out the present value of the calculation or estimate and identifying that the amount is the present value of the calculation or estimate (where the calculation or estimate is of an amount payable or accruing at a future time of two or more years); and

Note: For more information on working out the present value, see RG 000.163–RG 000.168.

- (f) statement to the effect that the superannuation calculator or retirement estimate is not intended to be relied on for the purpose of making a decision about a financial product and that users should consider obtaining advice from an AFS licensee before making any financial decisions.

RG 000.87 ASIC Instrument 2022/XXX also requires that the required disclosures in RG 000.86 must contain as much detail as a retail client using the superannuation calculator or retirement estimate would reasonably expect to find having regard to the nature of the calculator or estimate.

RG 000.88 There are limits to the effectiveness of disclosure. For example, not all members read disclosure material or respond to disclosures in the same way. We expect providers to present superannuation forecasts, including the

mandatory disclosures, in a way that minimises confusion for the members who are using the forecast. For guidance on good practices, see RG 000.98–RG 000.102.

Note: For more information on the limitations of disclosure, see [Report 632](#) *Disclosure: Why it shouldn't be the default* (REP 632) released 14 October 2019.

Disclosures for retirement estimates

- RG 000.89 As part of the requirement to give a clear and prominent explanation of why the default assumptions are reasonable, a trustee giving a retirement estimate may provide a clear and prominent statement that:
- (a) some or all assumptions are based on the member's superannuation product, investment strategy or other personal factors; and
 - (b) some or all default assumptions do not necessarily reflect the way the member's superannuation is currently invested.

No advertising or promotion of specific financial products

- RG 000.90 It is a requirement of our relief that:
- (a) a superannuation calculator must not advertise or promote a specific financial product; and
 - (b) a retirement estimate must not advertise or promote a specific financial product other than to the extent necessary to provide the estimate.
- RG 000.91 We are concerned that if a superannuation forecast advertises or promotes a specific financial product (e.g. one of a trustee's superannuation or retirement income products), it increases the risk that members will, for example:
- (a) misunderstand the purpose of the forecast;
 - (b) place too much reliance on the forecast when making financial decisions;
 - (c) assume the forecast is a complete substitute for personal advice from a registered financial adviser who is authorised to provide personal advice; and
 - (d) assume the forecast is making a recommendation that is in the member's best interest and takes into account their objectives, financial situation and needs.
- RG 000.92 We will treat the requirements in ASIC Instrument 2022/XXX in the same way as the requirements in [ASIC Instrument 2016/207](#) (as that instrument applies to other generic financial calculators). This means that our guidance in [RG 167](#) at RG 167.71–RG 167.78 will also be relevant to superannuation calculators and retirement estimates.

- RG 000.93 A superannuation forecast will not advertise or promote a specific financial product merely because the default assumptions are the same as the actual features of a specific financial product (e.g. fees) or set with regard to a specific financial product (e.g. rate of investment earnings). Providers may refer to the specific financial product, but only as part of the mandatory disclosures about why the assumptions are reasonable for working out the estimate and only if it is material to that disclosure.
- RG 000.94 If a provider refers to a specific product in their disclosure, they must ensure that the disclosure is less prominent than any other information about the reasonableness of assumptions and the calculator or estimate itself. This is consistent with our guidance for generic calculators in [RG 167](#) at RG 167.77–RG 167.78.
- RG 000.95 For retirement estimates, we recognise that it may not be possible for a trustee to omit the name of the superannuation product(s) or investment option(s) a member is currently invested in, as retirement estimates may be given on or with a periodic statement or via a member’s online portal: see Section E. Omitting this information may also be confusing for the member.
- RG 000.96 We therefore consider that referring to the member’s current superannuation product or investment option is necessary for providing a retirement estimate. Referring to this information would not in itself breach the requirement in ASIC Instrument 2022/XXX to not advertise or promote a specific financial product.
- RG 000.97 Trustees or other providers seeking to provide superannuation calculators or retirement estimates that do not meet the requirements of ASIC Instrument 2022/XXX can apply for individual relief: see RG 000.58.

Good practices for presenting superannuation forecasts

- RG 000.98 We expect providers of superannuation forecasts to provide these forecasts in a way that is helpful to superannuation fund members and helps them to think about their income in retirement. We acknowledge different members will interpret and use superannuation forecasts in different ways. We also acknowledge that disclosure alone will not remove the risk of members being confused by forecasts or using them in unintended ways.
- RG 000.99 We encourage providers to consider how different members may use their superannuation forecasts and to use insights into member behaviour to inform how they give forecasts. Providers should be designing their forecasts in a way that meets the needs of users while seeking to minimise confusion, misunderstanding and overreliance on forecasts. Providers should also consider the limitations of disclosure.

- RG 000.100 Providers should consider the overall framing of a superannuation forecast and any information that accompanies it. The way a forecast is presented, or the material that sits alongside it, could be confusing for some members, particularly if it acts to undermine the purpose of the forecast. It could also, in some circumstances, be misleading or likely to mislead.
- RG 000.101 We especially encourage providers to monitor member outcomes and undertake testing to understand if and how members access, understand and use superannuation forecasts and the information being conveyed. Providers should seek to draw on credible and reliable data sources and information that is fit for purpose and unbiased. This can help to manage the risks that forecasts may confuse members, and can provide a rich evidence base for providers to refine and improve their forecasts to suit the needs of members.
- RG 000.102 We think it is good practice to refer members to other sources of information or tools they may find helpful. This could include referring members to a trustee's superannuation calculator or to ASIC's Moneysmart retirement planner.

Note: For more information about the Moneysmart website, see the appendix.

D Default assumptions in superannuation forecasts

Key points

This section explains how trustees and other providers wishing to rely on our relief must set default assumptions for a superannuation calculator or retirement estimate. The requirements differ for superannuation calculators and retirement estimates. Table 1–Table 4 summarise how different types of assumptions are to be set.

Where providers have flexibility to set their own assumptions, they must do so within the requirements set by ASIC. This includes the requirement that the default assumptions are reasonable for the purpose of working out the calculation or estimate. This section provides guidance on how providers can meet this requirement: see RG 000.172–RG 000.190.

These assumptions and requirements are set by ASIC and are published in ASIC Instrument 2022/XXX.

Using default assumptions

- RG 000.103 We realise that superannuation forecasts (superannuation calculators and retirement estimates) involve a degree of inherent uncertainty. This is because the forecasting process involves a number of variables and makes a number of assumptions.
- RG 000.104 Some variables will depend on known facts that are personal to the member (e.g. their current account balance). Others will involve factors that are inherently uncertain (e.g. rates of future investment earnings) or factors that may be known to a member but not a provider (e.g. future intentions to make voluntary contributions or spend time out of the workforce).
- RG 000.105 Certain assumptions need to be made to provide a forecast. What eventuates is likely to differ from what is assumed will occur.
- RG 000.106 Although superannuation forecasts have some limitations and are likely to differ from what actually occurs, we think that these forecasts have a useful role to play. We think that the purpose of a superannuation forecast is not to give an exact prediction of a member's retirement balance or retirement income.
- RG 000.107 Rather, as discussed in Section A, the primary purpose of a:
- (a) superannuation calculator is to allow members to explore how various factors or scenarios may affect their future retirement income; and

- (b) retirement estimate is to provide an accessible starting point for members to consider whether their superannuation is likely to provide them adequate income in retirement.

Ensuring the reasonableness of assumptions

- RG 000.108 We think that the assumptions used to provide a superannuation forecast should be reasonable for the members who are likely to be using a superannuation calculator or are receiving a retirement estimate. It is important that members have confidence in how a forecast is being made, including the quality of the assumptions. Even where a member can change the assumptions, the behavioural economics research suggests that default settings are powerful and members are reluctant to change them.
- RG 000.109 ASIC has set standardised assumptions that trustees and other providers must use to rely on the relief provided in ASIC Instrument 2022/XXX when providing a superannuation calculator or retirement estimate. We have also provided guidance on how trustees and other providers can set reasonable assumptions where they have the flexibility to set their own default assumptions: see RG 000.172–RG 000.190.
- RG 000.110 We have set the assumptions in ASIC Instrument 2022/XXX following stakeholder consultation.
- RG 000.111 We think the requirements for setting assumptions need to be stricter for retirement estimates than for superannuation calculators. This is because a retirement estimate contains personalised information and is usually provided to a member without the member having to request it (i.e. the estimate is unsolicited by the member). By contrast, a member needs to actively choose to use a superannuation calculator, and the inputs and assumptions can be freely manipulated based on a generic starting position.

Selecting and setting default assumptions

- RG 000.112 Table 1–Table 4 summarise the default assumptions a trustee or other provider must use to rely on the relief in ASIC Instrument 2022/XXX. Some of these assumptions are standardised inputs or numbers. For other assumptions, there is a degree of flexibility for providers to set their own reasonable assumptions. Some of the requirements are different for superannuation calculators and retirement estimates.
- RG 000.113 It is a requirement of ASIC Instrument 2022/XXX that all assumptions applied by a provider to a superannuation calculator or retirement estimate are reasonable for working out the calculation or estimate: see RG 000.172–RG 000.190.

- RG 000.114 If the superannuation calculator is an electronic facility or device, or the retirement estimate is an interactive retirement estimate, it must:
- (a) enable the user to change any of the assumptions that are applied by the calculator or estimate, except for the following (which the provider may choose to fix or allow the user to alter):
 - (i) assumptions that reflect certain statutory fixed factors (e.g. taxation rates);
 - (ii) assumptions about how the superannuation balance is drawn down in retirement (other than the retirement age and length of the drawdown period); and
 - (b) work out, or enable the user to work out, a forecast on the basis of the changed assumptions.

Note: An interactive retirement estimate is a retirement estimate that is worked out using data a trustee holds on a member, but where the member can also interact with the estimate by changing the assumptions: see RG 000.198–RG 000.202.

- RG 000.115 The calculator or retirement estimate must also include clear statements about the limitations of the calculator or estimate and why the provider considers the default assumptions to be reasonable: see RG 000.84–RG 000.89.

Table 1: Default assumptions about a member’s investment return

Assumption	Superannuation calculators	Retirement estimates
Investment earnings, fees and costs	<p>The default assumptions must be reasonable for the purpose of working out the calculation: see also RG 000.116–RG 000.123.</p> <p>The assumptions may be based on specific financial products as long as the superannuation calculator does not advertise or promote those products: see also RG 000.90–RG 000.97.</p>	<p>The default assumptions must be reasonable for the purpose of working out the estimate: see also RG 000.116–RG 000.123.</p> <p>The trustee must make reasonable assumptions about administration fees based on the administration fees paid by the member over the previous year: see also RG 000.124–RG 000.128.</p> <p>The assumptions may be based on specific financial products as long as the retirement estimate does not advertise or promote those products, other than to the extent necessary to provide the estimate: see also RG 000.90–RG 000.97.</p>

Table 2: Default assumptions about retirement income

Assumption	Superannuation calculators	Retirement estimates
Retirement age and drawdown period	<p>The provider must apply the default retirement age specified in ASIC Instrument 2022/XXX, which is 67.</p> <p>In illustrating an annual income stream, the provider must by default assume that income payments will be required every year for 25 years from the retirement age: see also RG 000.129–RG 000.131.</p>	<p>The trustee must apply the default retirement age specified in ASIC Instrument 2022/XXX, which is 67.</p> <p>In illustrating an annual income stream, the trustee must by default assume that income payments will be required every year for 25 years from the retirement age: see also RG 000.129–RG 000.131.</p>
Annual income stream	<p>The default assumptions must be reasonable for the purpose of working out the calculation.</p>	<p>The trustee must work out the annual income stream on the basis that the member would have a constant income from year to year, after inflation, for 25 years. This includes drawing down their lump sum on retirement to zero and taking into account the minimum drawdown rules.</p> <p>If age pension amounts are included in the estimate, annual income must be worked out in a way that reflects how the member's age pension entitlement may change as their retirement balance is drawn down: see also RG 000.133–RG 000.140.</p>
Age pension entitlement	<p>The default assumptions must be reasonable for the purpose of working out the calculation.</p>	<p>If the retirement estimate is an interactive retirement estimate, the trustee may choose to include age pension amounts in the estimate. This may only be done if the member is able to input their own assumptions.</p> <p>If the trustee chooses to include an estimate of the member's age pension, the trustee must assume that:</p> <ul style="list-style-type: none"> • the member qualifies for an age pension; • the member has a partner; • the member and their partner jointly own their own home; and • the member and their partner have the same amount of superannuation and no other assets or income: see also RG 000.141–RG 000.149.

Table 3: Default assumptions about factors that are personal to the member

Assumption	Superannuation calculators	Retirement estimates
Contribution levels	<p>The default assumptions must be reasonable for the purpose of working out the calculation.</p> <p>Statutory assumptions (e.g. rate of Superannuation Guarantee) should be kept up to date with legislation.</p>	<p>The trustee must use the contribution levels for the member over the previous year less insurance premiums paid, contribution taxes and any inward rollovers. Non-compulsory contributions may be excluded where it is possible to do so.</p> <p>The trustee must assume that contribution levels will change in future in line with wage inflation and legislated changes in the Superannuation Guarantee rate. The trustee must not assume that contribution levels will change for other reasons: see also RG 000.152–RG 000.156.</p>
Insurance premiums	<p>The default assumptions must be reasonable for the purpose of working out the calculation.</p>	<p>The trustee must make reasonable assumptions about insurance premiums based on the actual amount of insurance premiums paid by the member over the previous year. The trustee must not include insurance premiums if the member does not have insurance at the time the estimate is made: see also RG 000.157–RG 000.160.</p>
Members' other funds	<p>The default assumptions must be reasonable for the purpose of working out the calculation.</p>	<p>The trustee must not consider the potential effect on the member's lump sum or retirement income of any other superannuation fund account the member might hold: see also RG 000.161.</p>

Table 4: Default assumptions about factors that are external to the member

Assumption	Superannuation calculators	Retirement estimates
Inflation	<p>The member's retirement benefit must be illustrated in today's dollars if it is an amount payable or accruing at a future time of two or more years. The provider must by default assume 4% p.a. inflation in the accumulation phase (reflecting wage inflation) and 2.5% p.a. inflation in the retirement phase (reflecting consumer price inflation): see also RG 000.163–RG 000.168.</p>	<p>The member's retirement benefit must be illustrated in today's dollars if it is an amount payable or accruing at a future time of two or more years. The trustee must by default assume 4% p.a. inflation in the accumulation phase (reflecting wage inflation) and 2.5% p.a. inflation in the retirement phase (reflecting consumer price inflation): see also RG 000.163–RG 000.168.</p>

Assumption	Superannuation calculators	Retirement estimates
Taxation conditions and other legal factors	The default assumptions must be reasonable for the purpose of working out the calculation. Statutory assumptions must remain up to date with legislation.	<p>The trustee must assume that current legislated taxation conditions and other legal factors will remain unchanged. Statutory assumptions must remain up to date with legislation.</p> <p>The trustee must also ignore the possibility that a member may be required to pay some tax on receipt of their retirement balance or retirement income: see also RG 000.169–RG 000.171.</p>

Investment returns

Investment earnings, fees and costs

- RG 000.116 Providers of superannuation forecasts may set their own default assumptions for investment earnings, fees and costs. These assumptions must be reasonable for the purposes of working out the calculation or estimate. A forecast must also contain clear and prominent explanations of why the assumptions are reasonable: see RG 000.84–RG 000.89.
- Note: Additional considerations apply to retirement estimates: see RG 000.124–RG 000.127.
- RG 000.117 In making assumptions about fees and costs, providers should consider all fees and costs relevant to superannuation. These include direct investment fees, indirect investment costs and administration fees.
- RG 000.118 Forecast retirement benefits depend on assumed investment earnings after the deduction of fees, costs, taxes and inflation. The combination of assumptions a provider applies must be reasonable. This means that the set of assumptions must be internally consistent: see RG 000.174.
- RG 000.119 ASIC Instrument 2022/XXX does not require the results of a superannuation calculator or retirement estimate to be worked out using separate assumptions about fees, costs or earnings taxes. Providers may, for example, choose to apply a default rate for investment earnings that is net of fees, costs, earnings taxes and inflation. Alternatively, a provider may choose to apply each of these factors separately in the calculation.
- RG 000.120 A provider may set default assumptions based on the investment earnings objectives, fees or costs for financial products they offer as long as the superannuation calculator or retirement estimate does not advertise or promote those products: see RG 000.90–RG 000.97.
- RG 000.121 A provider may set different default assumptions between the accumulation and retirement phases. For example, the assumptions may reflect that most members will not pay tax on investment earnings in the retirement phase, or

may have their balances invested more conservatively in the retirement phase than in the accumulation phase.

- RG 000.122 Default assumptions about investment earnings and investment fees and costs relating to the retirement phase should reflect a type of retirement income product that could provide for an annual income stream over a 25-year period: see RG 000.129–RG 000.131.
- RG 000.123 If a superannuation calculator or retirement estimate does not take into account the effect of certain fees and costs such as activity fees or taxes payable by the user, this must be clearly and prominently explained to the user in the ordinary course of its use, including a clear and prominent explanation of the impact of this limitation: see RG 000.84–RG 000.89.

Investment returns for retirement estimates

- RG 000.124 ASIC Instrument 2022/XXX requires trustees working out a retirement estimate to use data on the total administration fees paid by the member on their superannuation account over the previous year. A trustee will also need to make reasonable assumptions about how administration fees will change in future (e.g. due to price or wage inflation) and, if relevant, any scheduled fee changes. The same assumption should be applied consistently to both the accumulation and retirement phases.
- RG 000.125 Trustees may, if they choose, make reasonable assumptions about investment earnings and investment fees and costs based on the products a member is currently invested in.
- RG 000.126 In working out a retirement estimate for a member who is invested in more than one investment option, or in a lifecycle strategy, a trustee could construct assumptions that are weighted averages or time variant. For example, if a member has 50% of their balance invested in a growth option and 50% in a cash option, the trustee could make assumptions based on the average investment earnings and fees of these two options.
- RG 000.127 However, we recognise that it may not always be practical to precisely align assumptions about investment earnings and investment fees and costs with the way a member's superannuation is currently invested. Also, some members could change their investment strategy in the future.
- RG 000.128 A trustee may instead choose to make more generic assumptions (e.g. based on ASIC's Moneysmart calculators). However, if the trustee does make more generic assumptions, it should make clear to the member that the assumptions do not necessarily reflect the way their superannuation is currently invested: see RG 000.89.

Retirement income

Retirement age and drawdown period

- RG 000.129 Providers of superannuation calculators and retirement estimates must by default assume the retirement age specified in ASIC Instrument 2022/XXX, which is 67. In illustrating an annual income stream, providers must by default assume that an income will be required every year for 25 years from the retirement age (e.g. from age 67 to age 92).
- RG 000.130 We think it is important to set a standard retirement age and drawdown period for the sake of consistency between forecasts. We also think that this can make it easier for members to compare the effect of other variables (e.g. investment strategy or voluntary contributions) across different forecasts. It may also help members who switch to a different fund.
- RG 000.131 The standard retirement age and drawdown period are default assumptions. A provider of a superannuation calculator or an interactive retirement estimate must allow the user to input different assumptions (e.g. a different intended retirement age or drawdown period).
- RG 000.132 A provider may also change these assumptions if the user makes changes to other, related assumptions. For example, if a user inputs into a superannuation calculator a desired level of annual spending in retirement, it may not be reasonable to continue to assume a 25-year drawdown period. If they input the assumption that they have already retired, it would not be reasonable to make assumptions about a future retirement age.

Annual income stream

- RG 000.133 It is important for members to realise that they may need to draw on their retirement savings for many years after retirement. Presenting their retirement benefit as an annual income stream can help illustrate to members the level of spending that can be supported throughout their retirement. It can also give them a quick indication of the possible adequacy of their retirement balance.
- RG 000.134 For superannuation calculators, ASIC Instrument 2022/XXX does not require providers to present the forecast as an annual income stream. However, if an annual income stream is presented, any assumptions a provider applies must be reasonable for the purposes of working out the calculation. If the superannuation calculator is an electronic facility or device, the provider must also ensure the user can input or change the assumptions.
- RG 000.135 For retirement estimates, ASIC Instrument 2022/XXX requires trustees to present both a retirement balance (i.e. the superannuation balance at retirement, which by default is assumed to be age 67) and an annual retirement income: see RG 000.76–RG 000.79.

- RG 000.136 ASIC Instrument 2022/XXX also requires that the annual income stream be worked out by drawing down the lump sum to zero over the drawdown period (which by default is 25 years). The annual income stream should, to the extent that is reasonably possible, be maximised and reflect a constant income from year to year after inflation. This income consists of income from superannuation and, if applicable, from the age pension.
- RG 000.137 Specifically, trustees must work out annual income in the following ways. If total income consists only of superannuation, trustees must work out annual income in a way that draws down a constant amount from superannuation each year, after inflation, over the drawdown period.
- RG 000.138 However, if total income consists of superannuation and the age pension, trustees must work out annual income in a way that reflects how the member's age pension entitlement may change as their retirement balance is drawn down, as well as the indexation of age pension payment rates: see also RG 000.98. The combined income from superannuation and the age pension must last for the length of the drawdown period. For some members, it is possible that their superannuation balance would be exhausted earlier than this such that income in the remaining years comprises only the age pension.
- RG 000.139 In working out the annual income stream for a retirement estimate, a trustee must also:
- (a) take into account the minimum drawdown rules to the extent that is reasonably possible, even where this means total income after inflation would not be exactly the same in all years;
 - (b) assume that no tax is payable on the annual income stream; and
 - (c) round the result to the nearest three significant figures (e.g. round an annual income stream estimate of \$23,289 to \$23,300): see RG 000.77.
- RG 000.140 If additional assumptions need to be made to work out the annual income stream for a retirement estimate, those assumptions should be reasonable.

Age pension benefits

- RG 000.141 If a superannuation calculator is an electronic facility or device, or a retirement estimate is an interactive retirement estimate, the trustee or other provider may choose to include age pension amounts in the annual income stream.
- RG 000.142 If a trustee includes an estimate of a member's age pension benefit in a retirement estimate, it must use the following default assumptions:
- (a) the member qualifies for an age pension under s43 of the *Social Security Act 1991*;
 - (b) the member has a partner;
 - (c) the member and their partner jointly own their own home;

- (d) the member and their partner each have a single superannuation fund retirement benefit equal to the estimated lump sum amount at the assumed retirement age; and
- (e) the member and their partner have no other assets or income affecting the amount of the age pension payable to the member or their partner including any other superannuation accounts.

Note: For information about eligibility for the age pension, see [Age pension](#) on the Services Australia website.

- RG 000.143 Age pension amounts may change over time due to indexation of payment rates and thresholds (the assets test and income test). These are statutory factors that must also be reflected in the default assumptions: see also RG 000.184.
- RG 000.144 The default assumptions in RG 000.142 are not a requirement of our relief for superannuation calculators.
- RG 000.145 Because age pension benefits depend on a range of individual circumstances (e.g. assets inside and outside superannuation, home ownership and partner status), we think it is important that users are able to input or change the assumptions used to work out forecasts that include the age pension. We think this can help to make retirement estimates more useful for members.
- RG 000.146 We do not believe that trustees consistently have access to sufficient data about individual members to make reasonable assumptions about their age pension benefits in a static retirement estimate. Therefore, a trustee *must not* include age pension amounts in a retirement estimate if the user is not able to input different assumptions (e.g. in a static retirement estimate).
- RG 000.147 We think there is potential for members to be misled if they are unable to alter the assumptions used to estimate the age pension benefit in a way that reflects their personal circumstances.
- RG 000.148 Trustees can reduce the risk of misleading their members by following the steps set out in this guide: that is, by working out the age pension amount using the default assumptions set by ASIC, enabling the member to input different assumptions, and providing clear and prominent disclosures about the way the calculation is made and risks of relying on the calculation.
- RG 000.149 A trustee may choose to provide factual information about the age pension alongside a retirement estimate to help members, whether or not the retirement estimate includes an age pension amount. For example, a trustee could provide information about age pension eligibility criteria and payment rates: see RG 000.82–RG 000.83.

Factors personal to members

- RG 000.150 ASIC Instrument 2022/XXX requires trustees to make specific default assumptions about contribution levels, insurance premiums and members' other funds when working out a retirement estimate. It also requires trustees to make specific default assumptions about administration fees: see RG 000.124. For an interactive retirement estimate, the member must be able to change any of these assumptions: see RG 000.114.
- RG 000.151 These requirements do not apply to superannuation calculators. However, the default assumptions used in a superannuation calculator must be reasonable. This includes ensuring that statutory assumptions, such as the rate of Superannuation Guarantee, are kept up to date with legislation: see RG 000.172–RG 000.189.

Contribution levels

- RG 000.152 In working out a retirement estimate, trustees must use the contribution levels for the member over the previous year less insurance premiums, contribution taxes and any inward rollovers. A trustee may also exclude non-compulsory contributions made in the previous year where it is possible to do so and the trustee considers this to be reasonable for working out the estimate.
- RG 000.153 Trustees will not usually know what a member's intentions are about future contributions; members themselves may be uncertain. Future contribution levels will also depend on uncertain factors such as salary levels, rate of salary growth and time out of the workforce for any reason.
- RG 000.154 We acknowledge that, if a member makes a large one-off voluntary contribution in a particular year, this level of contribution may not be continued in future years. A trustee may exclude non-compulsory contributions when setting an assumption for contribution levels, but is not required to do so. If a trustee excludes non-compulsory contributions, this should be disclosed to the member as part of the retirement estimate.
- RG 000.155 Trustees must assume that the member's contributions will change in future as a result of wage inflation and legislated changes in the Superannuation Guarantee rate. Under the *Superannuation Guarantee (Administration) Act 1992*, the rate is 10% of ordinary time earnings as at 1 July 2021 and will increase by 0.5 percentage points each July until it reaches 12% on 1 July 2025. These changes in the Superannuation Guarantee rate are likely to have a material effect on future contributions for most members.
- RG 000.156 A trustee may include a statement, alongside a retirement estimate, that a member can see how different contribution levels might affect their retirement income by using an interactive retirement estimate or

superannuation calculator. Any such statement must not be used to advertise or promote a specific financial product, and must not be misleading.

Insurance premiums

- RG 000.157 In working out a retirement estimate, trustees must use a figure representing the actual annual insurance premiums paid by the member over the previous year, if—and only if—the member holds insurance through the superannuation fund at the time the retirement estimate is made. This is so that the retirement estimate takes into account the impact of insurance premiums on the member’s contributions.
- RG 000.158 For the purposes of ASIC Instrument 2022/XXX, this figure is used in working out the amount of a member’s current contributions.
- RG 000.159 Trustees must assume that insurance premiums increase by the rate of wage inflation over time.
- RG 000.160 Trustees must not include insurance premiums in working out a retirement estimate if the member does not hold insurance at the time the retirement estimate is made (e.g. because their insurance has recently ceased). A trustee must not assume that the member will be paying insurance premiums in the retirement phase.

Members’ other funds

- RG 000.161 In working out a retirement estimate, a trustee must not consider the potential effect on the member’s retirement benefit of any other superannuation fund account the member or their partner may hold. Trustees are not likely to have access to all the relevant information to be aware of what other accounts a member holds, as these accounts may be held with a different trustee.
- RG 000.162 We do not think there are reasonable grounds for a trustee to assume by default that a member or their partner holds other superannuation accounts.

Factors external to members

Inflation

- RG 000.163 Trustees and other providers must use the default assumptions for inflation rate set out in ASIC Instrument 2022/XXX in a superannuation calculator or retirement estimate. These inflation assumptions are 4.0% p.a. for the time the member is in the accumulation phase and 2.5% p.a. for the time the member is in the retirement phase. A calculation or estimate must be shown

in present value terms where it is an amount payable or accruing at a future time of two or more years.

Note: By default, providers must assume the retirement phase starts at age 67 and lasts for 25 years. However, a user of a superannuation calculator or interactive retirement estimate may input different assumptions.

- RG 000.164 To provide useful information to members, amounts payable or accrued in the future must be presented in a way that can be properly understood. We consider that members' comprehension of future investment earnings is helped by giving an indication of what the investment may be at current dollar values at the end of a specified term.
- RG 000.165 The default inflation rate for the accumulation phase is a forecast of wage inflation (i.e. long-term nominal wage growth). This is consistent with Treasury modelling used in the *2021 Intergenerational report* and in the *Retirement income review*. We think this is an appropriate way to adjust for the increasing cost of living during a member's working life, and that it will help users of a superannuation forecast decide if their future retirement income is likely to be adequate compared to their current standard of living while they are working.
- Note: See Australian Government, [2021 Intergenerational report](#), 28 June 2021, p. 11 and [Retirement income review](#), final report, 20 November 2020, p. 509.
- RG 000.166 The default inflation rate for the retirement phase is a forecast of long-term consumer price inflation. It is based on the midpoint of the Reserve Bank of Australia's target range for consumer price inflation, published on 19 September 2016. We think consumer price inflation provides a better reflection than wage inflation of how spending needs evolve for most retirees. It can also help members to compare the purchasing power of their income through retirement.
- Note: See Treasurer and Governor of the Reserve Bank, [Statement on the conduct of monetary policy](#), 19 September 2016.
- RG 000.167 We will review the default inflation rates and amend ASIC Instrument 2022/XXX if there is a change to the long-term nominal wage growth forecasts in the Government's intergenerational reports or if there is a change in the Reserve Bank's target range for consumer price inflation.
- RG 000.168 Our standardised assumption about rates of inflation does not prevent superannuation calculators from modelling a range of inflation scenarios and does not prevent users from selecting their own alternative inflation rate assumption. It also does not prevent a calculation from being displayed in future dollars as well as current dollars, provided that both are clearly labelled so as to avoid member confusion.

Taxation conditions and other legal factors

- RG 000.169 Trustees and other providers of superannuation calculators and retirement estimates must assume that current taxation conditions and other legal factors will remain unchanged.
- RG 000.170 Taxation and other legal rules surrounding superannuation are important factors determining the amount of a member's retirement balance and retirement income, 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 life, unless these future changes have already been specified in legislation (e.g. scheduled increases in the Superannuation Guarantee rate).
- RG 000.171 Even though a superannuation calculator or retirement estimate may not be able to take into account different taxation and other legal conditions in future, it is important that users are made aware of this limitation.

Ensuring default assumptions are reasonable

- RG 000.172 The default assumptions applied to a superannuation calculator or retirement estimate must be reasonable for the purpose of working out the calculation or estimate.
- RG 000.173 We consider that assumptions are likely to be reasonable if they are backed by evidence or expert opinion, are not intentionally biased towards encouraging users of superannuation forecasts to make a specific financial decision (e.g. by leading to a higher or lower forecast), and are kept up to date with government policy settings and expected changes to future economic and financial conditions.
- RG 000.174 Assumptions should also be internally consistent, meaning that each assumption should be reasonable in the context of all the others. For example, the assumed rate of investment earnings must be reasonable for working out the calculation or the estimate when applied in conjunction with the assumed fees and costs and the inflation rate.
- RG 000.175 We also consider that the assumptions are likely to be reasonable if a provider of a superannuation forecast sets them using:
- (a) advice provided by an actuary or other appropriately qualified professional;
 - (b) the assumptions used in superannuation calculators provided by ASIC (e.g. on the Moneysmart website); or

- (c) if the provider is a superannuation trustee:
 - (i) the investment earning objectives, fees and costs specified in a superannuation Product Disclosure Statement for a product offered by the trustee;
 - (ii) the long-term investment objectives determined by the trustee; or
 - (iii) for a retirement estimate—a member’s superannuation product, investment strategy or other personal factors (e.g. their contributions and insurance premiums).

RG 000.176 Care should be taken using past performance information to support the reasonableness of assumptions about rates of return. Using past performance information in this way may mean that the assumptions are misleading if there are not reasonable grounds to make the stated assumption.

RG 000.177 It would not be reasonable to use past performance selectively so as to exaggerate the success or disguise the lack of success of a particular investment option. For example, the short-term past performance of a specific financial product should not be referred to in order to demonstrate the reasonableness of a high default rate of investment earnings if the short-term performance exceeds the rate of investment earnings that could reasonably be expected as a long-term average.

RG 000.178 Similarly, assumptions may not be reasonable (and may also be misleading) if they rely simply on past performance figures without any reference to their relevance to future circumstances.

RG 000.179 Under ASIC Instrument 2022/XXX, providers must include clear and prominent statements about:

- (a) why the provider considers the assumptions (unless inputted or changed by the user) to be reasonable for working out the calculation or estimate; and
- (b) the limitations of the calculator or estimate and the impact of any significant limitations: see RG 000.86.

RG 000.180 We think that the default assumptions we have prescribed in ASIC Instrument 2022/XXX (e.g. about retirement age, drawdown period and inflation rates) are reasonable. A provider may satisfy the requirement to give a clear and prominent explanation of why the default assumptions are reasonable by explaining that they comply with default assumptions for superannuation calculators or retirement estimates set by ASIC.

RG 000.181 ASIC Instrument 2022/XXX does not require providers to ensure that any assumptions that are inputted or changed by the user are reasonable for the purposes of working out a calculation or estimate. However, to minimise the risk of unrealistic or unhelpful results, providers may consider whether to place limits or restrictions on the range of values that a user may input into a

superannuation calculator or interactive retirement estimate, as long as the user is still able to change the assumptions: see RG 000.114.

- RG 000.182 If a trustee provides both superannuation calculators and retirement estimates, we expect the trustee to apply assumptions consistently across both. This does not mean that identical assumptions must be used. However, there should be a reasonable basis for any differences.
- RG 000.183 For example, a trustee's superannuation calculator might use a default investment earnings assumption for the accumulation phase based on the trustee's MySuper product, whereas the trustees' retirement estimates might use investment earning assumptions specific to the investment option(s) each member is invested in (on the basis that not all members will be invested in the MySuper product).
- RG 000.184 Some assumptions are statutory assumptions. These are assumptions that reflect a rate or amount fixed by legislation, such as the taxation rates or the rates of compulsory Superannuation Guarantee contributions. Under ASIC Instrument 2022/XXX, the statutory assumptions can be either fixed or able to be altered by the user.
- RG 000.185 A retirement estimate or superannuation calculator is also subject to the prohibition against misleading or deceptive conduct in the Corporations Act and the ASIC Act: see RG 000.32–RG 000.34.

Keeping assumptions up to date

- RG 000.186 We consider that there is potential for members to be misled if a superannuation calculator or retirement estimate includes out-of-date assumptions. It is important, therefore, that the default assumptions are up to date, including the statutory assumptions.
- RG 000.187 We consider that our relief requires assumptions to be up to date because if they are not up to date they are not 'reasonable for the purpose of working out the calculation or estimate'. This is particularly important for statutory assumptions. Further, if the assumptions are not up to date, they may be misleading.
- RG 000.188 We expect that providers of superannuation forecasts will have processes and procedures in place to monitor changes in assumptions and ensure that the providers comply with the requirement to update the assumptions. We expect that, at a minimum, providers will revise their assumptions every three years, or more frequently if there are material changes to a relevant input or statutory assumption.
- RG 000.189 Given the potential for members to be misled if assumptions (including the statutory assumptions) are out of date, we expect that providers' assumptions will be updated as soon as possible after a change in the assumption becomes substantially certain.

RG 000.190 If assumptions are out of date, providers should take steps to limit the risk that any superannuation calculator or retirement estimate they provide is misleading during the period it takes to update the calculator or estimate. For example, during the short period in which the assumptions might be out of date, a provider could include in a superannuation calculator the date at which the assumptions are effective (date stamp) and a clear and prominent warning message that the assumptions are out of date. Alternatively, providers may wish to remove or suspend access to the calculator or estimate during this period.

E When and how to give retirement estimates

Key points

This section explains when and how a trustee may give retirement estimates to its members if it is relying on our relief—that is:

- a retirement estimate can be given at the same time as the periodic statement, or at any time if delivered electronically through the member’s online portal (see RG 000.191–RG 000.197); and
- a retirement estimate can also be interactive, in a way that allows members to change the assumptions (see RG 000.198–RG 000.202).

When and how retirement estimates may be given

- RG 000.191 If a trustee relies on the relief we have given in ASIC Instrument 2022/XXX for retirement estimates, it may give its members their retirement estimates at the same time as it gives them their periodic statements (or, for exiting members, their final statements). Receiving their statements and retirement estimates at the same time may also enhance members’ understanding of both documents, as they will be able to cross-reference information in each.
- RG 000.192 If a trustee chooses to give a retirement estimate alongside a periodic statement, it has flexibility in whether to incorporate the retirement estimate into the same document as the periodic statement or provide it in a separate document that accompanies the periodic statement. This is regardless of whether members receive their periodic statement in writing or electronically.
- RG 000.193 For example, if a member is sent their periodic statement by mail, and the trustee produces a separate retirement estimate for them, the two documents should be mailed together. If the member is provided with an email notification that their periodic statement is available for viewing online, the notification should also refer them to the retirement estimate.
- RG 000.194 A retirement estimate will usually be in the form of a written statement, but it does not have to be. A trustee may choose to give a retirement estimate to its members in another format, such as by video or audio. If a trustee does so, then in order to rely on ASIC’s relief it must ensure that it meets all the requirements of ASIC Instrument 2022/XXX, including requirements for the presentation and disclosure of retirement estimates: see also Section C.
- RG 000.195 A trustee may also give members their retirement estimates electronically when they log in to the fund’s website to access their account information using the member’s online portal. We think that making a retirement estimate visible on a member’s online portal may make it more likely that

the member will see and engage with their retirement estimate. It may also allow members to receive more timely estimates based on their current balance in the fund.

- RG 000.196 If a trustee chooses to give a member their retirement estimate via the member's online portal, it is not required to also provide a retirement estimate on (or alongside) their periodic statement, and vice versa. However, a trustee may choose to deliver retirement estimates to a member through both the member's online portal and the periodic statement.
- RG 000.197 There are no restrictions on how frequently a trustee may give a retirement estimate to its members. Members may benefit from receiving retirement estimates 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.

Interactive retirement estimates

- RG 000.198 An interactive retirement estimate is a retirement estimate that is worked out using data a trustee holds on a member, but where the member can also interact with the estimate by changing the assumptions. For example, the estimate could be an electronic facility on a member's online portal.
- RG 000.199 An interactive retirement estimate differs from a superannuation calculator in the following ways. In the estimate:
- (a) the default assumptions are based on data a trustee has on the member; and
 - (b) the member is not required to input information or assumptions before they can see the results.
- RG 000.200 We think that interactive retirement estimates can help members to engage with their estimate by changing inputs and assumptions to better reflect their personal circumstances or to explore the impact of different scenarios. Interactive retirement estimates allow members to do this without needing to access a superannuation calculator and re-input information about their age, current balance and other factors.
- RG 000.201 If a trustee chooses to provide an interactive retirement estimate, it must:
- (a) set the default assumptions according to the requirements in ASIC Instrument 2022/XXX for retirement estimates, including using specific types of data a trustee has about its members: see Section D; and
 - (b) allow the member to change any of the assumptions that are applied in working out the estimate, except for statutory assumptions or assumptions about how the superannuation balance is drawn down in retirement (other than the retirement age and length of the drawdown period): see RG 000.114.

RG 000.202 An interactive retirement estimate may include an estimate of a member's age pension entitlements, as long as the pension amount is worked out in line with the requirements we have set and members are able to change the assumptions. If a retirement estimate is not an interactive retirement estimate, an age pension amount must not be included: see RG 000.141–RG 000.149.

Appendix: Superannuation and retirement help on the Moneysmart website

ASIC's [Moneysmart](http://www.moneysmart.gov.au) website (www.moneysmart.gov.au) offers free, independent guidance to help people make smart choices for their money.

In the superannuation and retirement section, the website provides information and guidance including:

- how superannuation works;
- keeping track and lost superannuation;
- self-managed superannuation funds;
- making superannuation contributions;
- retirement income planning; and
- income sources in retirement.

Moneysmart offers the following calculators to help with retirement and superannuation issues:

- retirement planner (find out your income when you retire);
- superannuation calculator (find out your super balance at retirement);
- super contributions optimiser;
- employer contributions calculator;
- super and pension age calculator;
- reverse mortgage calculator; and
- account-based pension calculator.

These calculators are not product specific and are designed to illustrate the effect that certain factors, such as contribution levels and account-keeping fees, can have on a person's superannuation and retirement savings.

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 on a financial services business to provide financial services Note: This is a definition contained in s761A.
ASIC	Australian Securities and Investments Commission
ASIC Act	<i>Australian Securities and Investments Commission Act 2001</i>
calculator	A facility, device, table or other thing used to make a numerical calculation or find out the result of a numerical calculation
[CO 11/1227] (for example)	An ASIC class order (in this example, numbered 11/1227)
Corporations Act	<i>Corporations Act 2001</i> , including regulations made for the purposes of that Act
Div 3 (for example)	A division of the Corporations Act (in this example, numbered 3)
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"> • makes a financial investment (see s763B); • manages financial risk (see s763C); • makes non-cash payments (see s763D) Note: See Div 3 of Pt 7.1 of the Corporations Act for the exact definition.
financial service	Has the meaning given in Div 4 of Pt 7.1 of the Corporations Act
interactive retirement estimate	A retirement estimate provided to a member by an electronic facility or device which: <ul style="list-style-type: none"> • initially provides a retirement estimate based on assumptions that include the member data; and • at a later stage allows the member to input additional information for the purpose of the retirement estimate
member	A member of a superannuation entity

Term	Meaning in this document
personal advice	<p>Financial product advice given or directed to a person (including by electronic means) in circumstances where:</p> <ul style="list-style-type: none"> the provider of the advice has considered one or more of the person's objectives, financial situation and needs; or a reasonable person might expect the provider to have considered one or more of those matters <p>Note: This is a definition contained in s766B(3) of the Corporations Act.</p>
provider	A provider of a superannuation calculator, which may include a trustee
Pt 7.7 (for example)	A part of the Corporations Act (in this example, numbered 7.7)
RG 36 (for example)	An ASIC regulatory guide (in this example, numbered 36)
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 estimate	A superannuation forecast provided to superannuation fund members in the form of a statement, rather than through a calculator. It includes an interactive retirement estimate and a static retirement estimate.
RSA	A retirement savings account within the meaning of the <i>Retirement Savings Account Act 1997</i>
s766E (for example)	A section of the Corporations Act (in this example, numbered 766E), unless otherwise stated
Statement of Advice	<p>A document that must be given to a retail client for the provision of personal advice under Subdivs C and D of Div 3 of Pt 7.7 of the Corporations Act</p> <p>Note: See s761A for the exact definition.</p>
static retirement estimate	A retirement estimate that is not an interactive retirement estimate
superannuation calculator	A facility, device, table or other thing that works out a numerical calculation or finds out the result of a numerical calculation relating to a superannuation product, but does not use information a trustee knows about a member of a superannuation entity unless the information has been inputted by the member
superannuation forecast	A numerical indication provided to a member of the balance of their superannuation investment at retirement, taking into account their current account balance, the impact of fees, and assumptions about future contributions, earnings and other matters. It can be generated by a superannuation calculator or retirement estimate.
trustee	The trustee of a superannuation entity

Related information

Headnotes

age pension, financial calculator, superannuation calculator, superannuation forecast, retirement estimate

Legislative instruments and class orders

[CO 05/1122] *Relief for providers of generic calculators* (no longer in force)

[\[CO 11/1227\]](#) *Relief for providers of retirement estimates*

[ASIC Corporations \(Generic Calculators\) Instrument 2016/207](#)

ASIC Corporations (Superannuation Calculators and Retirement Estimates) Instrument 2022/XXX

Regulatory guides

[RG 36](#) *Licensing: Financial product advice and dealing*

[RG 51](#) *Applications for relief*

[RG 78](#) *Breach reporting by AFS licensees and credit licensees*

[RG 167](#) *Licensing: Discretionary powers*

[RG 229](#) *Superannuation forecasts*

Note: This guide will be withdrawn at the end of the transition period.

[RG 244](#) *Giving information, general advice and scaled advice*

Reports

[REP 266](#) *Response to submissions on CP 122 Superannuation forecasts: ASIC relief and guidance for superannuation funds*

[REP 418](#) *Response to submissions on CP 203 Age pension estimates in superannuation forecasts: Update to RG 229*

[REP 632](#) *Disclosure: Why it shouldn't be the default*

Legislation

ASIC Act, s12BB

Corporations Act, Pt 7.7, s769C

Social Security Act 1991, s43

Superannuation Guarantee (Administration) Act 1992

Superannuation Industry (Supervision) Act 1993, s99F

Consultation papers

[CP 101](#) *Superannuation forecasts* (July 2008)

[CP 122](#) *Superannuation forecasts: ASIC relief and guidance for superannuation funds* (October 2009)

[CP 203](#) *Age pension estimates in superannuation forecasts: Update to RG 229* (March 2013)

[CP 351](#) *Superannuation forecasts: Update to relief and guidance*