

# **Current Issues in Superannuation**

**Unsatisfactory Financial Position  
Urgent Issues Task Force / SEBPC**

**IAAust BIENNIAL CONVENTION 2003**



# BACKGROUND

- **Vested benefits approximating to value of accrued benefits.**
- **Employers / funds generally not willing to target surpluses.**
- **High growth investment strategies.**
- **Negative returns after 15 positive years**



# **BACKGROUND (cont'd)**

- **Concerns raised by APRA**
- **Letter from President 10 April 2003**
- **Appointment of Urgent Issues Taskforce**
- **Opportunity for comment from IAAust members**



# **FURTHER NOTICE TO MEMBERS**

- **Corporate Funds only**
- **Role of Actuary extends beyond legislative minimum.**
- **Actuaries should take leadership position in current environment.**
- **Actuarial judgement key to balancing stakeholders' objectives.**
- **Re-read PSs and GNs**



# **FURTHER NOTICE TO MEMBERS**

## **(cont'd)**

- **Funding of Deficits**
- **In normal circumstances – funding within one year**
- **Where special circumstances exist**
  - Up to three years
  - Peer review highly recommended
- **Exceptional circumstances**
  - More than three years
- **Security of members vs too much pressure and contribution volatility on employer.**



# **FURTHER NOTICE TO MEMBERS**

## **(cont'd)**

**Special circumstances include:**

- **Additional security outside the fund.**
- **Limit on tax deductibility.**
- **Potential adverse consequences for members.**
- **Financial strength of employer sponsor.**



# **FURTHER NOTICE TO MEMBERS**

## **(cont'd)**

- **Reporting of UFP to members.**
- **Review of investment policy.**
- **Importance of monitoring**
- **Review of contribution recommendations.**



# **FURTHER NOTICE TO MEMBERS**

## **(cont'd)**

- **Interest Rates**
- **Insurance**
- **Alternative responses**
- **Composite funds**
- **Documentation**





# **FUTURE DEVELOPMENTS**

- **Update of professional standards and guidance notes**
- **Letter to ATO regarding deductible limits**
- **Taskforce to report on other legislative change recommendations**
- **Taskforce to consider whether additional matters should be investigated.**

