



MySuper authorisation

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This session will cover



- Key features of MySuper
- Key dates
- Approval process
- Key requirements of application form
- Things to think about

What is MySuper intended to achieve?



- Increase the focus on the financial interests of default members
- Increase in standards applying to default superannuation funds
- Simplify and standardise default super - comparison will be easier on a few key differences — cost, investment performance and insurance coverage

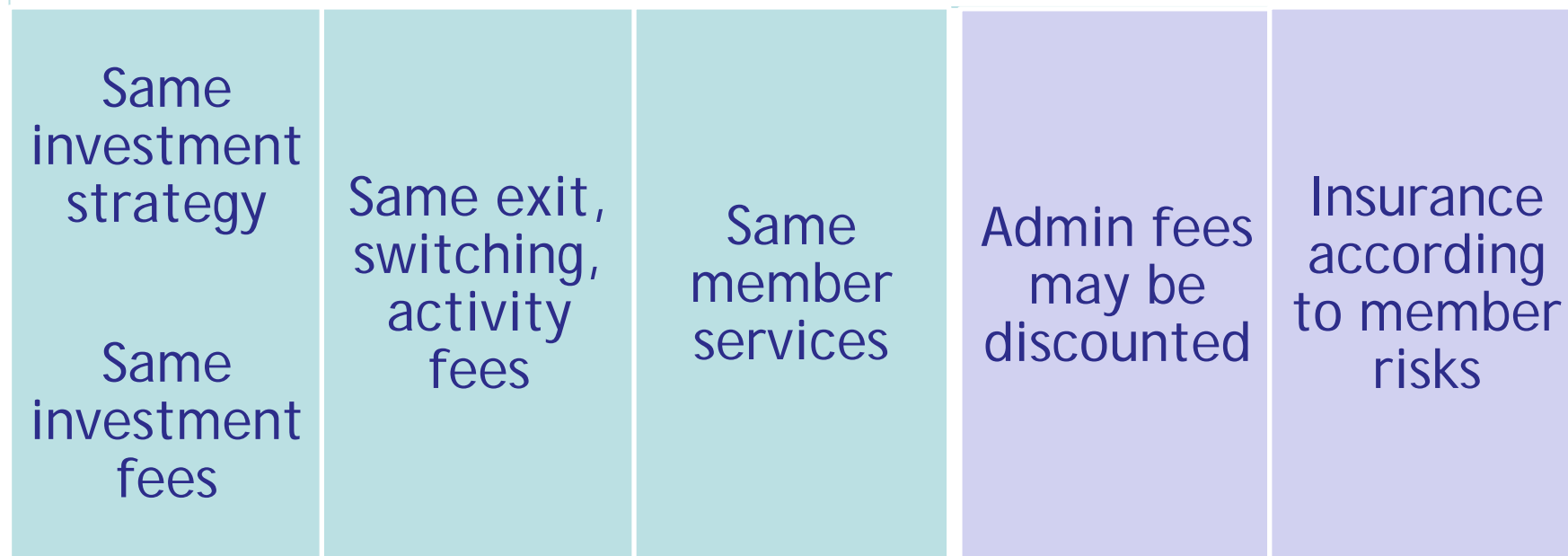
Key Features of MySuper



- One MySuper product per RSE, except in certain circumstances (large employer or material goodwill)
- DB members won't be affected



MySuper product



Tailoring these elements requires a separate MySuper authorisation

MySuper authorisation - key dates



3 May to
29 June
2012

consultation on authorisation

September
2012

finalised authorisation form

1 January
2013

applications can be made

1 July
2013

MySuper available to members

1 October
2013

All default contributions must
be into MySuper

1 July
2017

All accrued default amounts
must be transferred to MySuper

Draft applications
welcome now and
any time prior to
lodgement of
application

Trustees must place
default contributions
into a MySuper
product as soon as
they offer one

Extended timeframe
for authorisation of
large employer
MySuper products



- Early applications are easier for both sides - should be in by 2 March 2013)
- Electronic applications
- Application as a whole, and individual policies provided as part of it, must be approved by the Trustee Board



APRA approval if:

- application in approved form with all necessary information;
- satisfied that governing rules establish the legislated features of MySuper; and
- satisfied that RSE licensee is likely to comply with enhanced trustee obligations and fees rules for MySuper



Additional duties for trustees of RSEs include:

- priority to beneficiaries where conflicts arise
- same degree of care, skill and diligence as a prudent trustee
- have regard to valuation information, tax consequences and costs in investment strategies, and offer a range of options sufficient to allow members to choose a diversified asset mix. Must comply with relevant covenants and MySuper duties in order to be able to claim a defence against an action for loss or damage
- insurance strategy and additional duties in relation to insurance
- financial resources to cover operational risk



Additional duties for MySuper trustees include:

- promote the financial interests of MySuper beneficiaries, in particular returns to those beneficiaries (after the deduction of fees, costs and taxes)
- annually assess sufficiency of scale
- include in investment strategy a return target and level of risk

Investment fee

- Same fee for all members in a MySuper product

Administration fee

- Can be tailored within a Mysuper product

Cost-recovery basis

- Buy-sell spread
- Exit fee
- Switching fee
- Activity fee

The application form



Part A: details of the Applicant and other general information

Part B: information regarding the enhanced trustee obligations and the fees rules applying to MySuper products

Part C: attestations

Part D: elections

Part B1 Satisfaction regarding compliance with Enhanced trustee and director obligations



| Item | Description |
|--------|---|
| B1.1 | Conflicts management policy |
| B1.1.1 | Register of relevant duties and interests |
| B1.2 | Insurance strategy |
| B1.3 | Risk management strategy including risk appetite statement |
| B1.4 | Investment objectives and strategy and investment reserving strategy |
| B1.4.1 | Expected demographics of the MySuper product |
| B1.4.2 | Annual determination as to the adequacy of scale of assets and membership |
| B1.5 | Policies and procedures for ensuring compliance with Prudential Standard SPS 410 MySuper Transition |
| B1.6 | Business plan |
| B1.7 | Additional information |

Part B2 Satisfaction regarding compliance with fees rules



| Item | Description |
|------|--|
| B2.1 | Details of service providers |
| B2.2 | Details of administration and investment fee structure |
| B2.3 | Details of any other fees |
| B2.4 | Details of activity fees |
| B2.5 | Mechanism to ensure fees do not exceed cost recovery |
| B2.6 | Process to allocate shared costs |
| B2.7 | Operational risk financial requirement |



- Identification of accrued default amounts to be moved to MySuper
- Outline of process for dealing with accrued default amounts
 - Conversion of existing default to MySuper
 - MySuper product within RSE
 - MySuper product in another RSE under same RSE licensee
 - Another MySuper product
- Report to APRA on migration of accrued default amounts



- Have you started thinking about how you will implement the MySuper Core obligations and prudential standards requirements?
- Have you started considering your 'application pack'?
- Are you planning to offer tailored MySuper products for employers with more than 500 employees? If so, why? And how many?
- Have you considered 'white labelling' of MySuper offerings in your fund?



- Do you have processes in place for Board involvement in the MySuper development?
- Do you have dates scheduled through December-February to enable Board sign-off on relevant policies and the MySuper authorisation application?



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