

EXPLANATORY MEMORANDUM TO PRACTICE GUIDELINE 499.07: ADDITIONAL CONFLICT OF INTEREST GUIDANCE FOR ACTUARIES WORKING IN SUPERANNUATION

December 2018

A. About this Explanatory Memorandum

This Explanatory Memorandum has been prepared by the Conflicts of Interest Working Group and the Superannuation Practice Committee (SPC) to assist Members in understanding Practice Guideline 499.07.

B. Introduction

The issue of conflict of interest has always been part of the Institute's Code.

Following the Billingham case (Superannuation Complaints Tribunal and Federal Court, "Mercer Superannuation (Australia) Limited v Billingham [2016] FCA 1274"), the Superannuation Practice Committee determined that additional Member guidance was needed where conflicts of interest are possible because the Member, as RSE Actuary, may be asked to advise both the RSE licensee and another party associated with the superannuation fund.

C. Key Points

The guidance covers the work of an RSE Actuary who provides advice to an APRA-regulated superannuation fund.

The primary duty of the actuary is to the trustee (RSE licensee) in respect of the beneficiaries of the Fund.

Guidance is provided where the actuary or the actuary's employer also undertakes work or provides advice to another party associated with the fund. The guidance covers the areas of:

- Disclosure to the trustee and to the employer;
- Situations requiring the consent of the trustee;
- Conflict management; and
- Documentation.

D. Commencement date

PG 499.07 will apply from 1 January 2019.

END OF EXPLANATORY MEMORANDUM