

EXPLANATORY MEMORANDUM TO UPDATED PRACTICE GUIDELINE 499.06 - AUSTRALIAN ACCOUNTING STANDARD AASB 1056 SUPERANNUATION ENTITIES

September 2020

1. ABOUT THIS EXPLANATORY MEMORANDUM

This Explanatory Memorandum has been prepared by the Superannuation Practice Committee (SPC) to assist Members in understanding updates to *Practice Guideline 499.06 Australian Accounting Standard AASB 1056 Superannuation Entities* (PG 499.06), which relates to actuarial tasks that may be undertaken when preparing financial statements under *Australian Accounting Standard AASB 1056 Superannuation Entities* (AASB 1056).

2. OUTLINE OF CHANGES

The main changes are to align PG 499.06 with the current drafting guidelines for Professional Practice Documents and the new Code which applies from 31 March 2020. In addition, PG 499.06 was amended:

- ▶ to remove reference to *Practice Guideline 499.01 (Self-insurance for superannuation funds)* which is being withdrawn; and
- ▶ to simplify references to insurance given that (except for certain Government provided or guaranteed arrangements) accumulation funds can no longer self-insure and AASB 1056 does not require insurance-related liabilities for defined benefit members to be separately identified.

3. CONSULTATION

Given the nature of the changes, the SPC recommended and Council agreed that consultation with members via an Exposure Draft would not be undertaken.

4. COMMENCEMENT DATE

The updated PG 499.06 takes effect from 1 November 2020. This means that it will apply to actuarial tasks that may be undertaken when preparing financial statements under AASB 1056 on or after 1 November 2020.

END OF EXPLANATORY MEMORANDUM