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## **Explanatory Memorandum to Practice Guideline 499.08 Shortfall Limit Required under APRA Prudential Standard SPS 160**

**March 2023**

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### **1. About this Explanatory Memorandum**

This Explanatory Memorandum has been prepared by the Superannuation and Investments Practice Committee (SIPC) to assist Members in understanding Practice Guideline PG 499.08, Shortfall Limit Required Under APRA Prudential Standard SPS 160. PG 499.08 will assist Members providing advice to an RSE Licensee in relation to determining an appropriate Shortfall Limit or forming an opinion as to whether or not an adopted Shortfall Limit should be reviewed.

### **2. Reason for new Practice Guideline**

The Information Note: Shortfall Limit in Superannuation Prudential Standard 160 was prepared about ten years ago to assist Members following the introduction of shortfall limits for defined benefit superannuation funds from 1 July 2013. Since then, actuarial practice in providing advice on shortfall limits has become well-established and a Practice Guideline is now more appropriate.

The Practice Guideline is materially consistent with the Information Note it is replacing.

### **3. Consultation**

A draft of this Practice Guideline was exposed to Members in November 2022. No substantive comments were received; hence, the final version of the Practice Guideline is materially unchanged from the exposure draft.

### **4. Commencement Date**

This PG 499.08 takes effect from 1 May 2023.

### **End of Explanatory Memorandum**