
EXPLANATORY MEMORANDUM TO PROFESSIONAL STANDARD 400: INVESTIGATIONS OF THE FINANCIAL CONDITION OF DEFINED BENEFIT SUPERANNUATION FUNDS

July 2015

About this Explanatory Memorandum

This Explanatory Memorandum has been prepared by the Superannuation Practice Committee (SPC) to assist Members in understanding changes to Professional Standard 400 (Investigations of the Financial Condition of Defined Benefit Superannuation Funds) (PS 400). To assist Members, both a clean copy of the new issue of PS 400 has been provided, as well as a copy showing all marked up changes to the August 2010 issue of PS 400.

Introduction

In December 2014, the SPC released an Exposure Draft of proposed amendments to PS 400 for comment. Two submissions were received. The SPC found the submissions very useful in finalising the standard and thanks Members for their comments.

Changes

The changes from the Exposure Draft are not material.

The previous version of PS 400 did not apply to interim investigations of the financial condition of a fund or to an investigation undertaken at APRA's direction. Following consultation with Members, it has been decided to leave this unchanged. The SPC's intention, in the longer term, is to either modify PS 400 or develop a Professional Standard covering interim investigations.

The key changes to the previous PS 400 are to:

- ▶ ensure PS 400 is consistent with SPS 160 (Defined Benefit Matters) issued by APRA in relation to defined benefit funds and self insurance;
- ▶ the definition of "Vested Benefit"; and
- ▶ ensure PS 400 is consistent with the valuation of assets under Professional Standard 404 (Valuation of Superannuation Fund Assets).

Commencement of the revised PS 400

The revised PS 400 applies to Investigations with an Effective Date on or after 1 July 2015.

END OF EXPLANATORY MEMORANDUM