



Explanatory Memorandum to Practice Guideline 499.09 Actuarial Requirements of Prudential Standard SPS 160

June 2023

1. About this Explanatory Memorandum

This Explanatory Memorandum has been prepared by the Superannuation and Investments Practice Committee (SIPC) to assist Members in understanding the new Practice Guideline PG 499.09, Actuarial Requirements of Prudential Standard SPS 160 (SPS 160). PG 499.09 will assist Members providing advice to an RSE Licensee of a Defined Benefit Fund (DB Fund) about certain aspects of Prudential Standard SPS 160, including:

- (a) monitoring of the financial position of the DB Fund against the Shortfall Limit;
- (b) action on breach of the Shortfall Limit;
- (c) Interim Investigations; and
- (d) Restoration Plans.

2. Reason for new Practice Guideline

The Discussion Note: Actuarial Requirements of SPS 160 (now an information note) was originally prepared about ten years ago to assist Members following the introduction of SPS 160 for defined benefit superannuation funds from 1 July 2013. Since then, actuarial practice in providing advice on SPS 160 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

APRA provided minor feedback that was incorporated in to the draft of PG 499.09 that was exposed to Members for comment in March 2023. As no feedback was received from Members, the final version of PG 499.09 is unchanged from the draft version.

4. Commencement Date

The commencement date of PG 499.09 is 1 July 2023.

End of Explanatory Memorandum