

Practice Guideline 499.02 Retirement Benefit Projections Explanatory Memorandum

September 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 updates to Practice Guideline 499.02 Retirement Benefit Projections (PG 499.02). PG 499.02 applies to Members advising a Client or other party in relation to retirement benefit projections.

2. Outline of Changes

The key changes to the previous PG 499.02 (September 2020 version) are as follows:

- renaming PG 499.02 from “Projected Retirement Benefits Illustration” to “Retirement Benefit Projections” to recognise the wider forms of presentation of projection outcomes provided, not limited to illustrations only, as they could also be numerical indications etc.;
- introducing an Appendix to provide specific guidance to Members implementing ASIC Instrument 2022/603 and RG 276;
- updating sections regarding the use of deflator and nominal capital values based on more recent development and thinking;
- aligning PG 499.02 with the current standard wording for Practice Guidelines; and
- updating key terminology to clarify the broader scope captured in PG 499.02 versus ASIC RG 276 for specific purpose, and reference to Retirement Income Covenant and broader retirement income streams products in addition to traditional life annuities, recognising more recent innovation in the space.

3. Consultation Process

PG 499.02 was drafted by a working group of the Superannuation Projections and Disclosure Subcommittee and reviewed by the Superannuation and Investments Practice Committee and the Professional Practice Committee. The draft was exposed to ASIC and the membership for comment,

leading to a number of non-substantive changes to expand on guidance and improve clarity. The final version was then approved by the Professional Practice Committee and by Council.

4. Commencement Date

The updated PG 499.02 will be effective for relevant services provided on or after 1 October 2023.

End of Explanatory Memorandum