



Superannuation and Investments Practice Committee Technical Paper: Good Practice Principles for Retirement Modelling Explanatory Memorandum

Seeking feedback following update to disclosure of key assumptions principle.

This Technical Paper (TP) was issued by the Superannuation and Investments Practice Committee (SIPC) in February 2022. Since then, we have seen the introduction of the ASIC Instrument 2022/603 and RG276 which moves calculator rules to a more principle-based approach.

“Principle 10” of the TP relates to the disclosure of key assumptions. Given recent developments, we have reviewed the detail underlying this Principle because it is important to ensure that key assumptions are appropriately disclosed to users. The review resulted in a number of changes to the Principle 10 section. The mark-up version can be found in the [here](#).

The main changes include:

- Using a standardised table format for 10 key items and for the order of the ten items to allow easy comparison
- Clarification that the detailed content of the disclosures do not need to be standardised – so as to promote innovation and good practice
- Adding a new mortality and longevity assumption (or end of projection period)
- Clarification that stochastic projections require the same (or similar) investment return disclosure as deterministic assumptions plus further disclosure specific to stochastic models
- Clarification that while this paper states a preference for central estimates, other common practice may be used by Members. It is important that the basis of the setting of returns is clearly disclosed
- Separation of the administration fees and costs assumption from the insurance premiums assumption (they were combined in one key assumption before).

We have also made other relevant edits to this TP:

- tidied up the strength of tone of the whole paper to suit a “Technical Paper” (e.g. replace “should” with “is/are encouraged to”, “is/are recommended to”, or “is/are preferred to”);
- updated relevant references to the PG 499.02 new title (now available to members as [Exposure Draft](#) with an [Explanatory Memorandum](#)), ASIC Instrument 2022/603 and RG276 and removed reference to RG229 and the old Class Order;

- added a version section given that now we have a reissued version as a Technical Paper in March 2023 from the Information Note classification issued in February 2022 and;
- included reference to the Retirement Income Covenant in “Principle 2”

We are seeking feedbacks from Members practising in superannuation projection areas. Please contact [Estelle Liu](#) if you have any questions or feedback about the proposed changes in the TP. The deadline for feedback is **20 July 2023**.