

Relief for Superannuation Calculators and Retirement Estimates

Superannuation trustees are increasingly focused on providing members with tools, information, and advice that are intended to assist members in making decisions and planning for their retirement. Online calculators and retirement estimates play an important role in enabling members to access clearer information about how decisions and scenarios earlier in life will affect their retirement income outcomes. The future regulatory treatment has become clearer, following ASIC's release of a new relief instrument and regulatory guidance for superannuation calculators and retirement income estimates.

ASIC has made [ASIC Corporations \(Superannuation Calculators and Retirement Estimates\) Instrument 2022/603](#) (the Instrument) and issued associated regulatory guidance – [Regulatory Guide 276 Superannuation forecasts: Calculators and retirement estimates](#). This note is intended to provide a summary of what has changed and stayed the same in relation to the relief.

The relief will transition to replace and change the existing relief from 1 July 2022 before fully replacing the previous relief from 1 July 2023. The Instrument provides superannuation trustees with conditional relief from the Australian financial service licensing and disclosure requirements (relating to financial services guides, additional requirements for personal advice and other disclosure requirements related to advice) under the *Corporations Act 2001*.

According to ASIC, the revised relief and guidance is intended to “give greater clarity to trustees about how they can use calculators and retirement estimates as part of their strategies under the retirement income covenant,” as well as “provide greater flexibility in how trustees can give retirement estimates to their members, including through interactive tools.”

ASIC's guidance recognises the importance and potential benefits of superannuation calculators and retirement estimates, as well as their limitations. The guidance does not consider the Quality of Advice Review currently being undertaken by the Government; however, we anticipate that the Review will consider the utility of calculators and retirement estimates and whether they can be permanently integrated into the regulatory framework for advice. In the meantime, other options available to trustees include providing a superannuation forecast while complying with the personal advice requirements under the *Corporations Act* (where personal advice is being provided); applying to ASIC for relief; or providing a forecast that is only factual information.

Superannuation Trustees can still rely on the prior relief until 31 December 2022.

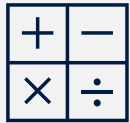
- Superannuation calculators: [ASIC Corporations \(Generic Calculators\) Instrument 2016/207](#) until 31 December 2022 (see [ASIC Corporations \(Amendment\) Instrument 2022/604](#)); and
- Retirement estimates: [ASIC Corporations \(Repeal and Transitional – Relief for Providers of Retirement Estimates\) Instrument 2022/204](#).

Trustees that currently make a calculator available to members should complete a technical compliance review of any superannuation calculators and retirement estimates provided to members.

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What has changed?



Assumptions

- **Single framework** for setting economic and **financial assumptions** for both retirement estimates and superannuation calculators.
- Some standardised assumptions must be used, but there is also **flexibility to set reasonable assumptions**, including with respect to investment earnings, fees and costs and contributions and insurance premiums (for purposes of a retirement estimate). The requirement that all assumptions are reasonable remains.
- **Stricter assumptions** requirements apply to **retirement estimates** as compared to superannuation calculators.
- **Standardised defaults** for **retirement age** and **drawdown period**, with the ability to set different defaults where member is already retired or aged 67 or older.
- ASIC expects that providers review whether assumptions **remain up to date** and **revise** as required at least annually.



Definitions

A new type of “**retirement estimate**” called an “**interactive retirement estimate**” is introduced, and defined as “a retirement estimate provided by an electronic facility or device which:

- a) may initially provide a retirement estimate that is not based on information inputted by the member; and
- b) in any case, allows the member to input information for the purpose of the retirement estimate.”

Superannuation calculator has been redefined to mean “a facility, device, table or other thing provided by a person ... that works out a numerical calculation or finds out the result of a numerical calculation relating to a superannuation product, **but does not use information the provider knows about a user unless the information has been inputted by the user.**” (our emphasis added)

Input is a defined term, meaning, in relation to a person, inputted by or with the consent of the person. The explanatory memorandum suggests that a “provider can assist users to input their own data into a superannuation calculator or interactive retirement estimate,” perhaps via the simple press of a button.

According to ASIC, **an interactive retirement estimate differs from a superannuation calculator** “because the default assumptions are based on data a trustee has on the member (rather than being generic defaults).”

The relief related to superannuation calculators is significantly less prescriptive for superannuation calculators compared to retirement estimates, including permitting trustees to determine whether or not to display a forecast of the member’s superannuation balance at retirement, include age pension amounts and illustrate alternative scenarios.

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What has changed?



Age Pension

- Age pension amounts **may be included** in both static and interactive retirement estimates.
- Standard **default assumptions** apply for static retirement estimates.
- Reasonable **default age pension assumptions** can be set for superannuation calculators and interactive retirement estimates.



Retirement Estimate Restrictions

A retirement estimate **must not be given to a member** who:

- (1) has **not been a member** of the fund for the year ending on the date of the estimate;
- (2) is receiving a **transition to retirement income stream** in relation to the super entity on the date of the estimate;
- (3) except for interactive retirement estimates, is **in the retirement phase**;
- (4) **has not received a contribution in the 16 months** before the date of the estimate (where not in retirement phase);
- (5) has an **account balance that is less than \$6,000**; and
- (6) holds a **defined benefit interest** in the fund.



Prescribed Disclosure

Prior prescriptive text required to be associated with a retirement estimate is no longer a condition of the relief. Rather reasonable steps must be taken to ensure that certain information is clearly and prominently displayed.

The relief still prescribes certain information that must be disclosed with the superannuation calculator or retirement estimate.

Some of the things that have stayed the same?



Promotion & Advertising

Reasonable steps must be taken to ensure that the superannuation calculator or retirement estimate does not advertise or promote a specific financial product (other than to the extent necessary to provide a retirement estimate).

ASIC has provided further guidance on this topic.

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Some of the things that have stayed the same?



Record-keeping

A functioning copy of the superannuation calculator or facility, device, table or other thing that is used to calculate the retirement estimate must be kept for 7 years from when the superannuation calculator or retirement estimate is last made available (*this arguably expands the requirement in relation to retirement estimates*).



Other financial calculators

[ASIC Corporations \(Generic Calculators\) Instrument 2016/207](#) will continue to provide relief for financial calculators in general (excluding superannuation calculators from 1 January 2023).

It is important to note, however, that this relief will not apply to a calculator that relates to a super product as well as another kind of financial product.

How can QMV Legal help?

QMV Legal can assist superannuation trustees in completing a technical review of any calculators or retirement estimates against the new relief, and advice on any changes that may be required to ensure that calculators and retirement estimates comply with the relevant legislative instruments, and ASIC's expectations in relation to enforcing compliance with the relief.

Don't hesitate to contact me if you'd like some further assistance or would like to discuss!

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