

## **Explanatory Memorandum to Practice Guideline 499.10 Self-Insurance Arrangements and Prudential Standard SPS 160**

**December 2023**

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### **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 499.10, Self-Insurance Arrangements and Prudential Standard SPS 160. PG 499.10 is to assist Members providing advice about a DB Fund's self-insurance arrangements in accordance with APRA Prudential Standard SPS 160 Defined Benefit Matters.

### **2. Reason for new Practice Guideline**

The Actuaries Institute updated its Policy for Developing Professional Practice Documents in September 2022.

An Information Note is defined as a document providing information for the purpose of encouraging debate and/or building general actuarial knowledge in a particular area of practice. A Practice Guideline is defined as a document setting out one or more well-established or generally accepted actuarial practices and/or techniques in a particular area of practice that Council considers will help Members to deliver competent Services.

The Information Note: Self-Insurance Arrangements and Superannuation Prudential Standard 160 was prepared to assist Members in understanding the legislative requirements and in providing advice to an RSE licensee in relation to self-insurance arrangements. Because the legislative requirements have now been in place for many years, actuarial practice in providing advice on self-insurance in defined benefits funds has become well established and generally accepted and a Practice Guideline is now appropriate rather than an Information Note.

The Practice Guideline is materially consistent with the Information Note it is replacing.

### **3. Consultation**

PG 499.10 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 APRA and the membership for comment, leading to no changes. The final version was then approved by the Institute's Council at its December 2023 meeting.

### **4. Commencement Date**

PG 499.10 applies to advice provided by a Member about a DB Fund's Self-Insurance arrangements that is signed on or after 1 February 2024.

**End of Explanatory Memorandum**