Actuaries Institute.

CPD eLearning

Defined Benefit Superannuation

Syllabus 2025

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1. Overview and aim

This course covers the specific legislative and prudential requirements for Australian defined benefit superannuation funds, and the Registrable Superannuation Entity (RSE) Actuary's role and responsibilities. This course supports members considering or actively engaged in a role as an RSE Actuary or a defined benefit superannuation consulting actuary.

Australia has a small and declining number of defined benefit funds, with the majority now closed to new members. However, they hold over 760,000 members[1] , and several provide lifetime pension benefits. As a result, Australian actuaries will be required to work with defined benefit funds for much of the 21st century to manage the retirement incomes of a significant group of Australians.

It is essential that actuaries acting as an RSE Actuary working for a fund trustee, as well as consulting actuaries assisting the sponsoring employers, service providers and policymakers, have a thorough understanding of the legislative, prudential and professional obligations in these roles.

This course aims to provide the required understanding and resources, with a particular goal to support Fellows that:

- completed their Fellowship qualifications specialising in defined benefit (pension) benefits but in another jurisdiction;
- completed their Fellowship qualification in Australia but did not complete a Part III or Fellowship Applications subject that addressed defined benefit funds[2]; or
- have a self-assessed need to refresh their understanding of defined benefit funds in Australia.

Regulatory and technical aspects of actuarial management of an Australian defined benefit fund are the focus. It is assumed the student is generally familiar with the Australian retirement system and understands the costing and valuation principles for defined benefits.

[1] APRA statistics at 30 June 2024
[2] This includes any Fellow that completed Superannuation and Retirement Applications in 2022 or later, as the subject no longer covers defined benefit funds. Superannuation and Retirement Applications included defined benefits until 2021. The Part III 6A/6B and predecessor subjects included defined benefits.

2. Student outcomes

After completing this course, students will be able to:

- explain the professional roles and responsibilities of an actuary in relation to Australian defined benefit funds, including the Registrable Superannuation Entity Actuary statutory role;
- identify the relevant legislation for defined benefit funds;
- apply the relevant prudential and professional guidance for each actuarial task, certificate or report;
- understand differences between private and public sector funds and implications for actuarial services;
- distinguish the accounting standards for employers and trustees to value defined benefit liabilities;
- manage defined benefit fund conversions to accumulation and defined benefit fund wind ups; and
- assess their capacity to fulfil the role of Registrable Superannuation Entity Actuary.

3. Prerequisites

Students are recommended to have:

- completed the Actuaries Institute Foundation and Actuary program subjects or approved equivalent;
- studied (but not necessarily passed) Superannuation and Retirement Applications[3] or another subject specifically on superannuation and retirement (or pension) funds at Fellowship level, offered by a recognised actuarial professional organisation; and
- a working understanding of the Australian superannuation industry obtained through education or work experience.

While these requirements are not compulsory, the course materials assume these prerequisites have been met.

[3] Students of SRA in 2022 or later have not covered the content of this course. Students who completed SRA in 2020 or 2021 have covered the content of this course.

Students who do not have a working understanding of the Australian industry are recommended to complete the Superannuation and Retirement Applications subject or a relevant superannuation subject with another relevant professional body in Australia.

4. Certificate

Students may enrol in the course at any time and will be enrolled for a 6-month period starting from the next available commencement date. All learning materials will be available via the Learning Management System for the enrolment period.

A Certificate will be issued after the successful completion of all required online tasks within the 6 month period. Online tasks may include quizzes, participation in the discussion board, written submissions, and feedback.

Achievement of the Certificate entitles the student to claim 40 hours (80 points) of Continuing Professional Development and to use the Certificate as evidence of their achievement.

Course enrolment without completing the required tasks will not entitle the student to the Certificate. This may be suitable for those who want a high-level overview of defined benefit funds but do not require any evidence of competency.

5. Learning Objectives

1 Roles and responsibilities of defined benefit actuaries

1.1 **Identify the key stakeholders for defined benefit funds in Australia, their roles, objectives and key risks**

1.2 **Describe Registrable Superannuation Entity Actuary duties and obligations arising from legislative requirements and professional standards**

1.3 **Describe the potential scope of work for consulting actuaries in relation to defined benefit funds**

1.4 **Examine professional issues, including reporting obligations, conflicts of interest, disclosure and privacy**

1.5 **Explain how actuaries should interact with other independent professionals in the context of a defined benefit fund operations**

1.6 **Discuss the functions of the Superannuation and Investment Practice Committee**

2 Environment

2.1 **Describe the types of defined benefit funds in existence and their distinguishing features**

2.2 **Describe the scope of legislation, regulation and regulators relevant to defined benefit funds:**

- APRA regulated funds;
- Self Managed Superannuation Funds (SMSFs);
- Exempt public sector superannuation schemes (EPSSSs); and
- Innovative Income Streams (GSA, Lifetime Annuities, Deferred Annuities)

2.3 **Demonstrate awareness of current issues for defined benefit funds**

3 Defined benefit fund design

3.1 **Describe typical designs for retirement, resignation, death and disability benefits**

3.2 **Discuss the issues arising for death and disability benefit design and premiums**

3.3 **Contrast external insurance to self-insurance**

3.4 **Describe the unique characteristics of specific public sector defined benefit funds and their funding arrangements**

3.5 **Describe the role of the Future Fund for Commonwealth public sector defined benefit superannuation**

3.6 **Describe specific variations in legislation (prudential and taxation) to accommodate defined benefit funds**

3.7 **Review the methods available to determine the contributions required**

3.8 **Consider the appropriateness of default Family Law Factors or adoption of fund specific factors**

4 Actuarial management of a defined benefit fund

4.1 **Identify the relevant prudential and professional guidance for each task required of a defined benefit fund actuary**

4.2 **Identify various triggers and notifiable events that would require actuarial intervention and explain which are appropriate to use in different circumstances**

4.3 **Determine the implications of various accounting standards upon assumptions and methods for valuations and funding**

4.4 **Evaluate strategies to de-risk investments and manage investment fluctuation reserves**

4.5 **Discuss current environmental factors influencing funding position outcomes**

5 Closing defined benefit funds

5.1 **Explain the forces driving the shift from delivering superannuation and retirement benefits from defined benefit (DB) to defined contribution (DC)**

5.2 **Explain the key objectives, risks and concerns of the stakeholders when conducting DB to DC conversions or DB fund wind ups**

5.3 **Identify the mechanisms for DB to DC conversions and DB fund wind ups**

5.4 **Evaluate options to transfer liabilities (both public sector and successor fund transfers), including in-force pension liabilities**

5.5 **Identify the relevant prudential and professional guidance for a DB to DC conversion or DB fund wind up**

5.6 **Identify appropriate modelling techniques to prepare sample conversion (transfer) values.**

6. Superannuation and retirement applications

Members seeking a more comprehensive course on Australian superannuation may consider undertaking the Superannuation and Retirement Applications Fellowship subject, which is designed to promote the actuary as an expert advisor on superannuation (accumulation) and retirement funds, focusing on the Australian environment.

That subject covers the role and function of superannuation and retirement funds and how government policies significantly impact fund operations and member outcomes. Regulatory and technical aspects of the actuarial management of a fund are described, with a focus on financial and demographic risks for both superannuation (accumulation) and retirement income products.

The broader issue of the management required for a fund to ensure the best possible outcomes for its members is introduced by explaining actuarial roles across the retirement sector, including fund analytics and member projections. The intention is to show students that actuaries are not just technical experts but are also strategic advisors to trustees, sponsors and other stakeholders. Although actuaries are not responsible for trustee decisions, actions, and behaviour, they play an important role as specialist advisors to trustees in many situations.

For more information on this subject, refer to the Actuaries Institute website.

About the Actuaries Institute

As the peak professional body for actuaries in Australia, the Actuaries Institute represents the profession to government, business and the community. Our members work in a wide range of fields including insurance, superannuation and retirement incomes, enterprise risk management, data analytics and AI, climate change and sustainability, and government services.

Actuaries use data for good by harnessing the evidence to navigate into the future and make a positive impact. They think deeply about the issue at hand, whether it's advising on commercial strategy, influencing policy, or designing new products. Actuaries are adept at balancing interests of stakeholders, clients and communities. They're called upon to give insight on complex problems and they'll look at the full picture. Actuaries analyse the data and model scenarios to form robust and outcome-centred advice.

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Institute of Actuaries of Australia

ABN 69 000 423 656
Level 34, 264 George Street
Sydney NSW Australia 2000
t +61 (0) 2 9239 6100
f +61 (0) 2 9239 6170
e actuaries@actuaries.asn.au
w actuaries.asn.au