



Australian Government

The Treasury

SUPERANNUATION LEGISLATION AMENDMENT REGULATION 2012

OUTCOME OF CONSULTATION PROCESS

Consultation on the Superannuation Legislation Amendment Regulation 2012 occurred between 8-21 November 2012.

As a result of the consultation, the Government will respond to concerns raised by making the following changes to the proposed regulations.

Proposed regulation	Government Response
Notification — accrued default amounts (Schedule 3, item 6).	<p>The Government has decided that where there is no:</p> <ul style="list-style-type: none">• increase in fees;• reduction in insurance benefits;• increase in insurance premium; or• change in investment strategy; <p>then a notice may be provided in the 12 months following the attribution of an accrued default amount to a MySuper product.</p> <p>Otherwise, the Government has also decided that for notices that must be provided 90 days prior to an attribution to a MySuper product, only the accrued default amount at the time the notice is provided will need to be provided.</p>
Types of insurance (Schedule 3, item 2 — Regulation 4.07D).	<p>The Government considers that the types of insurance that can be offered should be consistent with the existing conditions of release and that no change should be made to the definition of permanent incapacity. However, commencement of this regulation will be deferred to 1 July 2014 to provide sufficient time for funds to prepare new insurance arrangements for new members.</p> <p>It is intended that members who joined a fund prior to 1 July 2014 may continue existing cover after 1 July 2014. However after that date, new cover that is not consistent with a condition of release cannot be offered to members even if they joined before 1 July 2014.</p>
Proposed regulation	Government Response
Requirement to provide a significant event notice when recommending to a MySuper member that they move to another MySuper product or to a	The Government has decided to clarify the circumstances in which the requirement applies. The changes:

choice product (Schedule 1, item 1).	<ul style="list-style-type: none"> remove the reference to ‘suggestion’ to ensure the requirement does not apply in unintended situations; remove the requirement to provide a notice where a recommendation is given by an associate of the trustee; and ensure a notice is not required to be given where a statement of advice has been given.
Requirement to provide a minimum level of insurance to MySuper members (Schedule 2, item 1).	The Government has decided to delete subparagraphs 9A(1)(c) and 9A(1A)(c) to ensure that defined benefit members do not have to be <i>provided</i> a minimum level of death cover but must only be <i>offered</i> the minimum level.
Definition of insured benefits (Schedule 3, item 2 — Regulation 4.07C).	The Government has decided that the definition of insured benefits will exclude the payment of anti-detriment payments to ensure that anti-detriment death benefits can continue to be paid.
Grandfathering of insurance in successor funds (Schedule 3, item 2 — Regulations 4.07D and 4.07E).	The Government will clarify that self-insurance and grandfathered insurance can continue in respect of members whose benefits are transferred to another fund (for example, under a successor fund transfer).
Prohibition of self-insurance (Schedule 3, item 2 — Regulation 4.07E).	<p>The Government will clarify that if a fund is self-insuring as at 1 July 2013 in respect of members who become MySuper members, then the insured benefits of those members can continue to be provided through self-insurance until 1 July 2016.</p> <p>Furthermore, it will be clarified that until 1 July 2016, self-insurance can be provided to new members of a fund that currently self-insures.</p>

Feedback

Feedback on the consultation process for this measure can be forwarded to consultation@treasury.gov.au .

Thank you to all participants in the consultation process.