



Helen Rowell  
MEMBER

15 November 2013

To all registrable superannuation entity (RSE) licensees

#### **DEFAULT CONTRIBUTIONS IN THE MYSUPER ENVIRONMENT FROM 1 JANUARY 2014**

APRA acknowledges the effort and cooperation shown by RSE licensees that have engaged in the MySuper product authorisation process this year. APRA has received and approved a significant proportion of the expected applications for authorisation.

A number of applications for authorisation to offer a MySuper product continue to be processed and, based on feedback previously provided to APRA supervisors, it appears that some RSE licensees have not yet lodged applications.

RSE licensees are reminded that, from 1 January 2014, default contributions can only be paid into an authorised MySuper product. An RSE licensee commits an offence under the *Superannuation Industry (Supervision) Act 1993* (SIS Act) if it does not comply with its obligations in relation to the treatment of default contributions.

RSE licensees that have yet to receive authorisation need to take all steps possible to facilitate the processing of their application/s. Those that have not yet lodged their application for authorisation should do so as soon as possible if they intend to proceed. Given the time it typically takes to consider an application, there is a real possibility that RSE licensees that have not yet lodged applications may not receive authorisation by 31 December 2013. The RSE licensees that have not yet received authorisation or that have not yet lodged an application should have a plan in place for dealing with default contributions that will not be able to be accepted other than into a MySuper product from 1 January 2014.

Those RSE licensees that presently receive default contributions but have no intention of obtaining authorisation to offer a MySuper product are expected to be well advanced in the implementation of appropriate administrative arrangements to ensure that default contributions are not accepted into the fund from 1 January 2014. These funds should also have developed and commenced to implement a transition plan as required under [Superannuation Prudential Standard 410 MySuper Transition](#) to identify all members with an accrued default amount (ADA) and to transfer all ADAs to a fund offering a suitable MySuper product.

Further, as stated in APRA's [FAQ no.9 on Superstream issues](#), APRA expects that an RSE licensee that does not intend to have an authorised MySuper product as at 1 January 2014 will, as soon as possible, inform all employer-sponsors that it will be unable to receive default contributions from 1 January 2014 in the absence of all applicable members completing 'choice' documentation. Employers should be advised, within sufficient time, to make necessary arrangements to identify a fund that is authorised to offer a MySuper product into which they can make default contributions from that date.

APRA's view is that a contravention of the obligations in relation to the treatment of default contributions will constitute a significant breach for the purposes of section 29JA of the SIS Act. Such a breach is notifiable to APRA. This view reflects the importance with which the payment of default contributions has been treated throughout the consultation on, and the development of, the MySuper framework.

Please direct any questions regarding this letter to your APRA supervisor.

Yours sincerely

A handwritten signature in blue ink that reads "Helen Rowell". The signature is written in a cursive, flowing style.