



Prudential Standard SPS 225

Outcomes Assessment

Objectives and key requirements of this Prudential Standard

This Prudential Standard establishes requirements for an RSE licensee to annually assess the outcomes provided to beneficiaries and identify opportunities for improving these outcomes for consideration, and incorporation as appropriate, in its business plan.

Authority

1. This Prudential Standard is made under section 34C of the *Superannuation Industry (Supervision) Act 1993* (SIS Act).

Application

2. This Prudential Standard applies to all registrable superannuation entity (RSE) licensees (RSE licensees).¹
3. All RSE licensees must comply with this Prudential Standard in its entirety, unless otherwise indicated.
4. For the purposes of this Prudential Standard, a reference to the 'Board' is to be read as a reference to the Board of directors (Board) or group of individual trustees of an RSE licensee.²
5. This Prudential Standard commences on [1 January 2019].

Outcomes assessment

6. An RSE licensee must annually assess outcomes provided to beneficiaries and determine whether future outcomes could be improved through changes to its business operations (the outcomes assessment).³
7. The outcomes assessment must cover beneficiaries across the entirety of an RSE licensee's business operations and be approved by the Board.
8. An RSE licensee's outcomes assessment must, at a minimum, detail⁴:
 - (a) the outcomes that the RSE licensee seeks to provide to beneficiaries;
 - (b) how the RSE licensee has designed its assessment, in particular how it has decided to segment its business to ensure that:
 - (i) all parts of its business operations are captured; and
 - (ii) the assessment considers the outcomes provided to beneficiaries in each segment;

¹ For the purposes of this Prudential Standard, 'RSE licensee' has the meaning given in section 10(1) of the SIS Act.

² For the purposes of this Prudential Standard, a reference to 'a director' is a reference to a director of an RSE licensee which has a Board of directors or, in the case of a group of individual trustees, an individual trustee and 'group of individual trustees' has the meaning given in section 10(1) of the SIS Act.

³ For the purposes of this Prudential Standard, an 'RSE licensee's business operations' includes all activities of an RSE licensee (including the activities of each RSE of which it is the licensee), and all other activities of the RSE licensee to the extent that they are relevant to, or may impact on, its activities as an RSE licensee.

⁴ Where an RSE licensee holds an authority to offer a MySuper product, the assessment required under section 29VN of the SIS Act may be used to satisfy the requirements of this Prudential Standard in relation to that part of the RSE licensee's business operations.

- (c) the metrics that the RSE licensee uses to measure the outcomes being provided to beneficiaries;
 - (d) the calculation of each of the metrics specified by the RSE licensee under paragraph 8(c) for the period covered by the assessment in both absolute and relative terms, with reference to:
 - (i) objective benchmarks and targets, both internal and external, used by the RSE licensee; and
 - (ii) outcomes provided to beneficiaries of other RSEs;
 - (e) the factors identified by the RSE licensee as having affected the results of the calculations under paragraph 8(d), having specific regard to:
 - (i) the investment strategy for each RSE and each investment option offered by the RSE licensee⁵;
 - (ii) the insured benefits available to beneficiaries, relative to the costs of those benefits⁶;
 - (iii) the options, benefits and facilities offered to beneficiaries;
 - (iv) the scale of, and within, the RSE licensee's business operations;
 - (v) significant fund expenditure⁷; and
 - (vi) any other relevant factors identified by the RSE licensee; and
 - (f) the RSE licensee's conclusions as to whether the outcomes it seeks to provide to beneficiaries detailed under paragraph 8(a) are being and will be provided.
9. If, when undertaking the outcomes assessment, an RSE licensee determines that changes to its operations would likely improve outcomes for beneficiaries, the RSE licensee must assess the costs and benefits of implementing those changes, and where that cost-benefit analysis supports doing so, the RSE licensee must reflect those changes in its annual review of its business plan.⁸

Independent review

10. APRA may require an RSE licensee, by notice in writing, to appoint an appropriate independent expert to provide a report on a particular aspect of an

⁵ Refer to section 52(6) of the SIS Act and *Prudential Standard SPS 530 Investment Governance*.

⁶ Refer to section 52(7) of the SIS Act and *Prudential Standard SPS 250 Insurance in Superannuation* for requirements relating to the insurance strategy and the requirement to only offer or acquire insurance of a particular kind, or at a particular level, if the cost of the insurance does not inappropriately erode the retirement income of beneficiaries.

⁷ Refer to paragraphs 24 and 25 of *Prudential Standard SPS 220 Risk Management*.

⁸ Refer to *Prudential Standard SPS 220 Risk Management* for requirements relating to the business plan.

RSE licensee's approach to, and completion of, the outcomes assessment. An RSE licensee must bear the costs of such an appointment.

Adjustments and exclusions

11. APRA may adjust or exclude a specific requirement in this Prudential Standard in relation to an RSE licensee.⁹

⁹ Refer to section 34C(5) of the SIS Act.