



8 May 2019

TO: ALL RSE LICENSEES

PROTECTING YOUR SUPER LEGISLATIVE AMENDMENTS – IMPLEMENTATION

The recent passage through Parliament of *Treasury Laws Amendment (Protecting Your Superannuation Package) Act 2019* (the PYSP) will require all RSE licensees to implement a number of reforms to address account erosion due to excessive fees or unnecessary insurance.

Specifically, the reforms impose a 3 percent fee cap on member account balances below \$6,000, prohibit exit fees, limit the provision of insurance on inactive accounts and require the transfer of inactive low-balance accounts to the Australian Taxation Office (ATO) for the purpose of reunifying these accounts with active accounts of the member (ATO account sweep).

APRA considers the reforms to be an important step in improving member outcomes across the entire superannuation industry, particularly for those members with low account balances. APRA expects that RSE licensees will implement the reforms in ways that promote the outcomes the reforms are seeking to achieve and reflect the obligation to act in members' best interests.

APRA has been working closely with other regulators in relation to implementation of the legislation, including identification of implementation issues and development of guidance for the industry. We encourage RSE licensees to take note of ASIC's 2 April 2019 [letter](#) to industry and its expectations that communication with members about the reforms will be balanced, factual and consumer focused, and the ATO's material on the PYSP - [Protect Your Super](#).

APRA has also written specifically to RSE licensees authorised to provide an Eligible Rollover Fund (ERF) on the implications of the fee caps and the ATO account sweep on the future viability of ERFs, and the capacity of RSE licensees of ERFs to meet their fiduciary duties to members. We expect all RSE licensees to review their policies governing the transfer of accounts to ERFs and determine whether these policies remain in the best interest of members. We further expect that in undertaking any account transfers, including successor fund transfers, RSE licensees consider the implications of these transfers for the ATO account sweep under the PYSP reforms to ensure that account consolidation is not averted or delayed, contrary to the best interest of members.

APRA is aware that the PYSP reforms may in some instances require significant changes to systems and practices prior to their commencement on 1 July 2019. To assist industry, APRA has developed Frequently Asked Questions to provide general guidance on the reforms and has established a dedicated email address, PYSP@apra.gov.au, to which any specific

implementation questions can be directed. RSE licensees are also encouraged to raise any issues with their APRA Supervisor.

Yours sincerely,

Helen Rowell
Deputy Chairman