

APRA's Member Outcomes Prudential Reforms – Our Perspectives



Background

On 12 December 2018, APRA released new prudential requirements, in the form of *Prudential Standard SPS 515 Strategic Planning and Member Outcomes* (SPS 515) and two detailed prudential practice guides, *Prudential Practice Guide SPG 515 Strategic and Business Planning* (SPG 515) and *Prudential Practice Guide SPG 516 Outcomes Assessment* (SPG 516). SPS 515 takes effect on 1 January 2020 and reflects a shift in APRA's approach to supervising superannuation trustees.

The requirements at a glance



Under SPS 515, trustees will have to demonstrate their strategic planning processes meet APRA's principles and undertake an annual assessment of outcomes delivered to members. This will require the trustees to show how they have 'members in the room' when making decisions affecting member outcomes. Note that *Prudential Standard SPS 220 Risk Management* has been updated to support the introduction of SPS 515 and to move the adequacy of resources requirements to guidance (SPG 515). Importantly, this is not a 'set and forget' exercise, these requirements focus on identifying and implementing opportunities to continuously improve outcomes to members as much as the assessment itself.

SPS 515 covers four main requirements

Demonstrate that you have strategic objectives that support the delivery of outcomes for your members and the sound and prudent management of your business operations.

Ensure that your current Board-approved business plan is clearly tied to your member outcomes-focused strategic objectives.

Be clear as to how spending on significant initiatives will help you achieve your strategic objectives, and how you will track outcomes.

Undertake an assessment of the outcomes you are providing to beneficiaries, focusing on the steps you might take to improve these outcomes.

What the guidance means for you

Strategic objectives to consider learnings from past experience combined with a future lens to capture likely changes in the external operating environment.

Review your KPIs to identify whether they are sufficiently specific and measurable to support conclusions about the success of your strategic objectives.

Developing a living business plan that is 'fit for purpose' and supports the strategic objectives to better position the trustee to deliver outcomes to members.

Review existing board reporting to support real time updates about strategic initiatives.

Review current spending to determine what is considered significant for the business and how spending decisions support members best interests.

Develop thresholds to define what 'size' and 'extraordinary' mean for your budgets.

Complete the assessment with a view to identifying changes to products, services and business operations to improve outcomes for members.

Review existing policies, processes, reporting and resourcing to identify what more you need to complete your first outcomes assessment.

Calls to action



Your upcoming independent comprehensive reviews will allow you take stock of your policies, processes and resourcing to understand how they not only support your strategic objectives now and into the future, but also position you well to undertake the annual member outcomes assessment.

Our highly experienced team are available to support you in implementing SPS 515 and can be contacted using the details below.

Our team



Craig Cummins

Partner – Asset & Wealth Management Leader and Superannuation Leader
Assurance Financial Services, Sydney
P: 02 8266 7937 | E: craig.cummins@pwc.com



Stephanie Smith

Partner – Asset Management Leader
Assurance Financial Services, Sydney
P: 02 8266 3680 | E: stephanie.smith@pwc.com



Deanna Chesler

Partner – Risk, Regulation and Compliance
Financial Services, Sydney
P: 02 8266 0003 | E: deanna.chesler@pwc.com



Nicole Osborne

Partner
Financial Services, Melbourne
P: 03 8603 2914 | E: nicole.osborne@pwc.com



David Coogan

Partner
Financial Services, Melbourne
P: 03 8603 3841 | E: david.coogan@pwc.com



Carolyn Morris

Director
Regulatory Assurance, Sydney
P: 02 8266 5368 | E: carolyn.morris@pwc.com



Ben Tompsett

Director
Financial Services, Sydney
P: 02 8266 8660 | E: ben.tompsett@pwc.com



Paul Collins

Director
Financial Services, Brisbane
P: 07 3257 8558 | E: paul.d.collins@pwc.com

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