



## *Making super clearer – new reporting will help Australians check performance of superannuation funds*

From this year, superannuation funds will publish financial reports that clearly show the benefits members are entitled to, and whether the fund is likely to be able to pay those benefits.

The new requirements are set out in the accounting standard AASB 1056 *Superannuation Entities* and apply to the financial reports of superannuation funds for the first time this reporting season.

AASB Chair, Kris Peach said, “With superannuation investments totaling more than \$2 trillion in Australia, it’s critical that people are able to tell if their money is safe, and assess the performance of superannuation funds.”

### **Reports reflect funds’ real position**

Financial reports of superannuation funds will now clearly identify whether superannuation plans are fully funded and the risks that the plan is exposed to. All member benefits will be recognised as liabilities, and member contributions recognised as increases or decreases in those liabilities. This more closely reflects the economics of the fund and makes the fund’s overall position easier for members to understand.

“Members of superannuation funds will now be able to see how well their provider is performing overall, not just how much their individual entitlements are worth,” said Ms Peach. “This will make it easier for employees to decide which fund they want to invest in, and will also benefit employers considering which fund they should offer as their default.”

### **Risks of defined benefit funds are clearer**

The changes will be particularly useful to the estimated 10% of Australians who have superannuation in defined benefit plans. These plans provide a set level of benefit, typically based on salary and years of service. As it is the fund (rather than the member) who carries the investment risk, it is important that the financial report clearly reflects the risk the fund is exposed to. Under AASB 1056, the balance sheet will make it easier to see whether member liabilities are supported by assets.

### **Check your super**

Kris Peach said, “I urge everyone with superannuation investments to review not just their member statements, but also their plan’s financial report. Make sure you really know how your entitlements are being managed.”

### **Further information**

Further information on the new requirements set out in the accounting standard AASB 1056 *Superannuation Entities* is available on [the AASB website](http://www.aasb.gov.au).



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