

NEWSLETTER NO. 20 : 20 NOVEMBER 1990

SECTION 9B, SUPERANNUATION SCHEMES ACT 1989

This section of the Act is of particular relevance at the present time in relation to some methods of changing “defined benefit” superannuation arrangements to those of a “defined contribution” type.

The section requires members to be notified of the implications of such a change in certain circumstances. In my view, such “implications” do include the question of “ownership of surplus” if the “defined benefit” superannuation scheme is in surplus.

I have noticed a tendency for notifications under Section 9B to give increasing weight to the benefits to be gained if members accept the proposition; and to become somewhat reticent about what members might be giving up if they accept the proposition.

Could trustees and their advisors please note my belief that their enthusiasm for a proposed new superannuation arrangement should not prevent them from stating, in a fair manner, the disadvantages as well as the advantages of their proposition from the members point of view. This applies particularly if the terms of the transfer and the “vesting” conditions of the proposed new arrangement only provide transferring members with somewhat minimal access to “surplus”.

I would rather trustees did not put me in a situation where I felt it necessary to ask them to forward a second notification to scheme members.

N T Malley
Government Actuary