



Social Security (Actuarial Certificates – Life Expectancy Income Stream and Lifetime Income Stream Guidelines) Determination 2019

I, Mary McLarty, Branch Manager Payment Structures Branch, Welfare and Housing Policy Group, Department of Social Services as delegate of Secretary of the Department of Social Services, make the following determination.

Dated 27 March 2019

Mary McLarty
Branch Manager, Payment Structures Branch

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1 Name

This instrument is the *Social Security (Actuarial Certificate – Life Expectancy Income Stream and Lifetime Income Stream Guidelines) Determination 2019*.

2 Commencement

The day after this instrument is registered.

3 Authority

This instrument is made under subsections 9A(1B) and 9B(1D) of the *Social Security Act 1991*.

4 Definitions

Note: A number of expressions used in this instrument are defined in section 23 of the Act, including the following:

- (a) Human Services Department.

In this instrument:

Act means the *Social Security Act 1991*.

APRA means the Australian Prudential Regulation Authority.

annuity backed self managed superannuation fund means a self-managed superannuation fund with a lifetime income stream where that income stream is fully backed by an annuity that is sourced from a life insurance company.

annuity backed small APRA fund means a small APRA fund with a lifetime income stream where that income stream is fully backed by an annuity that is sourced from a life insurance company.

life insurance company has the same meaning as in subsection 10(1) of the *Superannuation Industry (Supervision) Act 1993*.

self managed superannuation fund has the same meaning as in section 17A of the *Superannuation Industry (Supervision) Act 1993*.

5 Schedules

Each instrument that is specified in a Schedule to this instrument is amended or repealed as set out in the applicable items in the Schedule concerned, and any other item in a Schedule to this instrument has effect according to its terms.

6 Purpose

The purpose of this instrument is to set out the guidelines to be complied with when determining whether an actuarial certificate is in force and what constitutes a high probability that the provider of an income stream will be able to pay the income stream as required under a contract, or governing rules, for paragraphs

9A(1)(b) and 9B(1A)(b) of the Act, in order for that income stream to be an asset-test exempt income stream. This instrument also specifies the classes of providers of income streams who must provide an actuarial certificate for sections 9A and 9B of the Act.

7 Class of provider

- (1) For paragraphs 9A(1)(b) and 9B(1A)(b) of the Act, each of the following is a specified class of provider:
 - (a) Self managed superannuation fund income stream providers - other than providers of income streams from annuity backed self managed superannuation funds.
 - (b) Small APRA fund income stream providers - other than providers of income streams from annuity backed small APRA funds.

8 Guidelines

Requirements for in force actuarial certificate

- (1) When determining whether an actuarial certificate is in force, for the purposes of sections 9A and 9B of the Act, the certificate is in force:
 - (a) for the financial years commencing 1 July 2017 and 1 July 2018, if it is prepared in accordance with the Institute of Actuaries of Australia Guidance Note 465 or the Institute of Actuaries of Australia Professional Standard 410 (Statements of Opinion Relating to Defined Benefit Provisions);
 - (b) for the financial year commencing 1 July 2019 and any later financial years, if it is prepared in accordance with the Institute of Actuaries of Australia Professional Standard 410 (Statements of Opinion Relating to Defined Benefit Provisions);
 - (c) if it is certified by the actuary no later than 26 weeks after the start of the financial year to which it applies and provided to the Human Services Department no later than 3 weeks after the end of that 26 week period;
 - (d) if it states whether the actuary is of the opinion (expressed as a percentage) there is a high probability, as defined in subsection 8(2), as at the valuation date, of the provider of the income stream meeting the income stream payments arising under the contract, or governing rules, for the financial year to which the certificate relates; and
- Note 1: An income stream provided to a person is an asset-test exempt income stream for the purposes of the Act, if the Secretary is satisfied there is a high probability that the provider of the income stream will be able to pay the income stream as required under the contract or governing rules (see paragraphs 9A(1)(b) and 9B(1A)(b) of the Act).
- Note 2: Only the first certificate given to the Secretary in relation to income stream for a financial year can have effect for that financial year (see subsection 9A(1D)).
- (e) if it specifies an in force period for the financial year to which the certification relates.

High probability

- (2) For paragraphs 8(1)(d) of this instrument and 9A(1)(b) and 9B(1A)(b) of the Act, there is a high probability a provider of an income stream in a class specified in section 7 of this instrument, will be able to pay the income stream as required under a contract, or governing rules, for the provision of the income stream if:
- (a) the actuary has certified that in their opinion the provider has a probability of at least 70 per cent of being able to pay; or
 - (b) the actuary has certified that in their opinion the provider has a probability of at least 50 per cent of being able to pay and there are special circumstances which:
 - (i) gave rise to the probability of less than 70 percent; and
 - (ii) but for those circumstances, the provider would, have had a probability of at least 70 per cent of being able to pay.

Schedule 1—Repeals

Social Security (Actuarial Certificate – Life Expectancy Income Stream Guidelines) Determination 2012

1 The whole of the instrument

Repeal the instrument

Social Security (Actuarial Certificate – Lifetime Income Stream Guidelines) Determination 2012

2 The whole of the instrument

Repeal the instrument