



Australian Government

Department of Education, Employment and Workplace Relations

FNSSUP509A Work within a defined benefit fund

Revision Number: 1

FNSSUP509A Work within a defined benefit fund

Modification History

Not applicable.

Unit Descriptor

Unit descriptor	This unit describes the performance outcomes, skills and knowledge required to explain the design features of a defined benefit fund, identify legislation and regulation relevant to a defined benefit fund, process contributions to defined benefit fund, maintain documentation and records according to defined benefit fund requirements and implement quality assurance procedures. This unit is applicable to individuals working within enterprises and job roles subject to licensing, legislative, regulatory or certification requirements including legislation administered by the Australian Securities and Investment Commission (ASIC).
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Application of the Unit

Application of the unit	This unit applies to various job roles within a defined benefit fund.
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Licensing/Regulatory Information

Not applicable.

Pre-Requisites

Prerequisite units		

Prerequisite units		

Employability Skills Information

Employability skills	This unit contains employability skills.
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Elements and Performance Criteria Pre-Content

Elements describe the essential outcomes of a unit of competency.	Performance criteria describe the performance needed to demonstrate achievement of the element. Where bold italicised text is used, further information is detailed in the required skills and knowledge section and the range statement. Assessment of performance is to be consistent with the evidence guide.
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Elements and Performance Criteria

ELEMENT	PERFORMANCE CRITERIA
1. Explain the design of defined benefit funds	1.1. The features, advantages and disadvantages of defined benefit funds are identified 1.2. Eligibility conditions affecting defined benefit funds are identified 1.3. Issues associated with pensions and lump sums are identified where relevant 1.4. Influences on fund and benefit design are identified 1.5. Funding options for defined benefit funds are identified 1.6. Requirements of legislation and regulations specific to defined benefit funds are identified and incorporated into activities
2. Process contributions to defined benefit funds	2.1. Rules guiding compulsory payments into defined benefit funds are identified and followed 2.2. Contributions are received and processed according to fund requirements
3. Process payment of benefits in a defined benefit fund	3.1. Options for benefit payment in defined benefit funds are investigated 3.2. Benefit is calculated to include additional fees, charges, taxes and other factors 3.3. Benefits and pensions are processed according to fund requirements 3.4. Beneficiaries are communicated with according to organisation guidelines
4. Process and maintain documentation and records according to defined benefit fund requirements	4.1. All transactions are correctly documented in member records 4.2. Statements and receipts are prepared and issued to members according to organisation guidelines 4.3. Member records are maintained to ensure currency and accuracy 4.4. Certificates, benefit information and taxation information are generated and provided according to legislative requirements 4.5. Fund information is generated and provided to the actuary for the preparation of necessary certificates
5. Implement quality assurance procedures	5.1. Organisation procedures are followed 5.2. Member details are established and maintained in accordance with organisation requirements 5.3. System and process checks are implemented and any

ELEMENT	PERFORMANCE CRITERIA
	irregularities identified 5.4. Any irregularities are corrected or communicated to appropriate personnel

Required Skills and Knowledge

REQUIRED SKILLS AND KNOWLEDGE

This section describes the skills and knowledge required for this unit.

Required skills

- highly-developed communication skills to:
 - liaise with others, share information, confirm work requirements, using questioning and active listening as required
 - use language and concepts appropriate to cultural differences
 - prepare fund documentation and reports
- well-developed numeracy and IT skills to:
 - perform basic calculations related to fund payments
 - calculate Notional Surchargeable Contribution Factor (NSCF)
 - access and update account records electronically
 - monitor for and advise on irregularities within a fund
 - access and use appropriate software such as word processors, spreadsheets and databases
 - use internet information
- well-developed literacy skills to read and interpret documentation from a variety of sources and record and consolidate related information
- data analysis and interpretation skills to interpret trust deeds and analyse, interpret and report results from actuarial investigations
- interpersonal skills to relate effectively within a team environment
- organisation skills, including the ability to plan and sequence work
- learning skills to maintain knowledge of changes to products and relevant legislation
- judgement skills for forming recommendations in operational situations
- management skills for working effectively in a constantly changing environment

Required knowledge

- advantages and disadvantages of different methods of contributing to defined benefit funds
- effect and use of actuarial tools (compound interest and probability)
- effect of part-time and casual employees and leave on defined benefits
- effect of resignation, dismissal and redundancy on defined benefits
- application of privacy legislation
- different types of retirement benefits and eligibility
- effect of death and disability on defined benefits
- factors affecting retirement benefit design
- features, advantages and disadvantages of accumulation and defined benefit funds
- formulas used to calculate defined benefits

REQUIRED SKILLS AND KNOWLEDGE

- fraud deterrence practices
- historical development of Australia's retirement income system
- how commutation of pensions work
- implications and procedure for actuarial investigations
- influences affecting the choice of design of funds and benefits
- issues associated with pensions and lump sums
- issues concerning contributions surcharge and benefit payouts
- legal requirements for actuarial investigations of defined benefit funds
- process and implications of:
 - changing fund structures
 - transfer between superannuation funds
 - calculating the value of future liabilities, the valuation of assets and the establishment of the contribution rate
- relevant legislation
- role of actuaries in determining payment of benefits
- special provisions relating to public sector defined benefit funds
- taxation implications of defined benefit funds
- calculation of Notional Surchargeable Contribution Factor (NSCF) on Defined Benefit Funds
- the role of employers and members in contributions made to defined benefit funds

Evidence Guide

EVIDENCE GUIDE

The Evidence Guide provides advice on assessment and must be read in conjunction with the performance criteria, required skills and knowledge, range statement and the Assessment Guidelines for the Training Package.

Overview of assessment

Critical aspects for assessment and evidence required to demonstrate competency in this unit

Evidence of the ability to:

- explain the design of defined benefit funds to members
- process contributions and payment of benefits in a defined benefit fund, including additional fees, charges and taxes
- source, interpret and test integrity of information required to process benefits
- interpret trust deed conditions and establish special circumstances and make informed recommendations about benefit payments
- identify, source and interpret required information to process benefits for lump sum payments, death claims and disablement claims
- assess and determine benefit entitlements for eligible termination payments (ETP), death and disablement claims using computer programs
- accurately process contributions and benefits and insurance claims according to organisation guidelines and relevant legislation
- correctly identify consequences of incorrect processing of contributions and benefits.

Context of and specific resources for assessment

Assessment must ensure:

- competency is demonstrated in the context of the work environment and conditions specified in the range statement either in a relevant workplace or a closely simulated work environment
- access to and the use of a range of common office equipment, technology, software and consumables
- access to organisation financial records
- access to organisation policies and procedures.

Method of assessment

A range of assessment methods should be used to assess practical skills and knowledge. The following examples, in combination, are appropriate for this unit:

- evaluating an integrated activity, which combines the elements of competency for the unit, or a cluster of related units of

EVIDENCE GUIDE	
	competency • observing processes and procedures in workplaces • verbal or written questioning on underpinning knowledge and skills • evaluating samples of work • accessing and validating third party reports • setting and reviewing workplace business simulations or scenarios.
Guidance information for assessment	

Range Statement

RANGE STATEMENT

The range statement relates to the unit of competency as a whole. It allows for different work environments and situations that may affect performance. Bold italicised wording, if used in the performance criteria, is detailed below. Essential operating conditions that may be present with training and assessment (depending on the work situation, needs of the candidate, accessibility of the item, and local industry and regional contexts) may also be included.

Influences on fund and benefit design may include:

- contributory verses non-contributory
- employee relations
- employer cost
- job mobility
- market competition
- member investment choice
- retirement patterns
- salary definitions
- use of salary for calculation of benefits
- variable contributions.

Funding options may include:

- contributions based on liability
- equal contributions per employee
- Pay As You Go (PAYG)
- single lump sum.

Legislation and regulations determining compliance may include, as amended:

- anti-discrimination legislation
- Corporations Act
- Family Law Legislation Amendment Superannuation Act
- Financial Services Reform Act (FSRA)
- Income Tax Assessment Act
- industrial legislation
- Insurance Act
- Privacy Act
- Retirement Savings Account Act
- stamp duty legislation
- Superannuation (Resolution of Complaints) Act
- Superannuation (Unclaimed Moneys and Lost Members) Act
- Superannuation Contributions Tax (Assessment and Collection) Act (surcharge)
- Superannuation Guarantee (Administration) Act (SGAA)
- Superannuation Industry (Supervision) (SIS) Act
- Superannuation Industry (Supervision) Regulations
- Trade Practices legislation

RANGE STATEMENT	
	• Trustee Acts or Trust Acts in each State and Territory.
Beneficiaries may include:	• beneficiaries as identified by State and Territory legislation • children who are minors • current or ex-spouse • custodial children • financial dependants • legal personal representative • non-custodial children.
Organisation procedures may include:	• best practice standards • codes of practice • documentation and filing procedures • internal communications • regulatory requirements • system/computer procedures.

Unit Sector(s)

Unit sector	Superannuation
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Competency field

Competency field	
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Co-requisite units

Co-requisite units		