

Super Update

March 2026



In this Issue

1. Revised Division 296 tax bills

On 19 December 2025, Treasury released revised draft bills for its Better Targeted Superannuation Concessions (i.e. Division 296 tax) proposals for consultation.

2. Latest APRA and ASIC retirement income pulse check released

On 26 November 2025, APRA and ASIC released their latest report on the implementation by trustees of the retirement income covenant.

3. News in brief

Final best practice principles for retirement income solutions, updated ASIC Regulatory Guides, updated references to funds in modern awards on the horizon, changes coming in response to the Shield and First Guardian failures, merger reform exemptions for SFTs and trustee changes and the latest APRA statistical publications.

4. Legislative update

We provide an update on various bills, regulations and consultations affecting super.

5. A guide to key changes

A reminder of various changes to superannuation and their effective dates.

Revised Division 296 tax bills

On 19 December 2025, Treasury released for consultation a revised draft Better Targeted Superannuation Concessions (Division 296) bill, imposition bill, explanatory materials and an additional guidance note setting out details on proposed regulations.

As previously announced, the new tax will commence from 1 July 2026. This means the first year the tax will be assessed will be in respect of the year ending 30 June 2027.

The rules for attributing earnings for the purpose of the new tax will be in supporting regulations which have not yet been released. They will be principles based and will require the attribution to be done on a “fair and reasonable” basis. The additional guidance note states that a fund may leverage existing processes used to value earnings for their attribution method where it would result in a fair and reasonable attribution of taxable earnings. Existing processes may include, but are not limited to:

- unit pricing
- crediting rates
- share of profit and loss at the asset class, investment option or portfolio level.

The earnings attribution must exclude any earnings that relate to defined benefit interests or other interests that will instead use a “TSB value formula approach” to determine earnings. This latter approach will be required to be used where earnings for Division 296 purposes:

- can't be identified at the fund level
- do not directly affect the value of the member's interest or
- cannot feasibly be attributed to members.

For these interests, the following formula will be used instead (where TSB represents the value of a member's Total Superannuation Balance):

$$\left[\begin{array}{r} \text{TSB at} \\ \text{end of} \\ \text{year} \end{array} - \begin{array}{r} \text{TSB at} \\ \text{start of} \\ \text{year} \end{array} - \begin{array}{r} \text{Contributions} \\ \text{total} \end{array} + \begin{array}{r} \text{Withdrawals} \\ \text{total} \end{array} \right] \times \begin{array}{r} \text{Prescribed} \\ \text{factor} \end{array}$$

According to the guidance note, the factor will be prescribed in the regulations and held constant for the calculation of the Div 296 liability. It will be prepared by the Australian Government Actuary (AGA) based on actuarial modelling of the investment patterns of a representative funded defined benefit fund whose members have typical defined benefit entitlements (i.e. they receive an indexed annual pension over their lifetime). The AGA has advised the government that the representative portfolio of assets will reflect the annual changes required to meet benefit entitlements over the lifetime of the fund, and the factor will be based on a comparison of the difference in earnings between:

- the overall notional investment returns (including unrealised gains) that would be expected based on assumptions that align with those used in the calculation of the TSB for defined benefit members and
- the associated taxable investment income including realised capital gains from the sale of assets over the members' lifetimes.

Account based pensions will be subject to the standard approach, but lifetime and life expectancy pensions, market-linked pensions and innovative income streams that do not have an account balance attributable to the recipient will be subject to the TSB value formula approach.

TSB will continue to be calculated broadly as per the previous proposed approach (which will mean a Family Law method will be used for many defined benefit interests). However, where relevant a gender-neutral valuation approach (using male only life expectancy assumptions) will be required to be used, to ensure equal tax outcomes for both men and women under the same circumstances.

Finally, the guidance note confirms that the regulations will include the changes to the assumptions required to be used in the calculation of notional taxed contributions which are needed for determining concessional contributions for defined benefit interests. It confirms that these changes will reflect the updated assumptions proposed in the previous draft regulations.

The main bill (renamed the Treasury Laws Amendment (Building a Stronger and Fairer Super System) Bill 2026) and imposition bill were introduced to parliament on 11 February.

There remain a few issues that are unclear, such as how interests that are the greater of a defined benefit and an accumulation interest should be treated. We hope that these will be clarified once the draft regulations are released.

Latest APRA and ASIC retirement income pulse check released

On 26 November 2025, APRA and ASIC released their latest report on the implementation by trustees of the retirement income covenant, summarising the responses to a voluntary survey issued to fund trustees in June 2025.

The report highlights that the gap is widening between trustees actively promoting better retirement outcomes for their members and those that are not. While some trustees have invested significant effort to meet the needs of their members transitioning to and in retirement, with some innovating and driving best practice, in the regulators' view far too many have been content with making only incremental improvements.

The regulators consider that unless action is taken, particularly by those falling behind, the quality of support provided to members approaching or in retirement, and the outcomes delivered to members in retirement, will be impacted.

Key challenges to implementation of their strategies, identified by the trustees themselves, included:

- insufficient data, especially non-financial data such as partnership and home ownership status, to develop a holistic representation of member circumstances
- ongoing uncertainty with advice-related regulatory reforms and in relation to regulator expectations, along with privacy concerns and regulatory constraints in collecting and using member data

- challenges in developing and launching retirement products due to market immaturity or low demand
- difficulties in identifying and segmenting member cohorts for tailored strategies, and in defining and tracking meaningful success metrics for the strategy.

Observations reported by the regulators included:

- more than half the trustees surveyed have made or are planning to make changes to their strategy where they felt it wasn't meeting intended outcomes
- 21% of trustees indicated that they did not have targets or measures in place to assess how effectively they are assisting members in balancing the covenant objectives, with most trustees focusing on the performance and take up of products and services but not assessing the impact on member sentiments and outcomes.

The Appendix to the report sets out examples of baseline and "better" practice which all funds should consider. In the meantime, the regulators are engaging with Treasury in relation to Government's retirement phase initiatives, including the proposed Best Practice Principles for Retirement Income Solutions and the Retirement Reporting Framework. In addition, APRA has committed to including retirement products in its 2026 Comprehensive Product Performance Package.

News in brief

Best practice principles for retirement income solutions finalised

On 23 February, Treasury released final best practice principles for retirement income solutions, as well as a fact sheet on the final design of the Retirement Reporting framework.

The best practice principles remain voluntary for trustees to adopt. They encourage trustees to:

- undertake research and use available data to ensure their understanding of their fund's membership is up to date and how member characteristics and needs are changing over time
- divide members into at least three cohorts, using characteristics relevant to the development of retirement income solutions such as account balance and age
- provide members access to a lifetime income product that is not the age pension, with product settings that have regard to member preferences around expected risk and return, for example managing longevity or investment risk
- allow all members who meet a relevant condition of release access to a retirement income solution that includes an account-based pension component, irrespective of account balance

- construct a separate trustee-designed retirement income solution for each identified cohort, including a lifetime income product component in at least one retirement income solution that has regard to likely Age Pension eligibility
- support members to understand their retirement income needs by providing forecasts or projections of income in both annual and pay-cycle terms, including through annual member statements and budgeting tools or expenditure calculators

The data collection for the Retirement Reporting Framework will encompass demographic data already collected by APRA as well as additional member attributes relevant to retirement outcomes. It will leverage that data to report on indicators of fund product offerings and metrics that are intended to demonstrate member outcomes by examining member behaviour in relation to up-take of various retirement products and services, drawdown rates, and balance utilisation. APRA consultation is expected soon, with data to be collected from 2027.

Updated ASIC Regulatory Guides released

ASIC released several updated regulatory guides in the last couple of months of 2025:

- RG 168 Product Disclosure Statements: Disclosure and other obligations has been updated to consolidate, as much as possible, all relevant guidance on PDSs in one guide (although RG 97 remains a separate regulatory guide on fees and costs disclosure in PDSs and periodic statements), clarify the legislative basis for the current Good Disclosure Principles and reframe the existing guidance on misleading and deceptive conduct to highlight examples of general disclosure concerns with PDSs, without changing its substance. In addition, Appendix 1 now includes ASIC's guidance on disclosure around labour standards or environmental, social and ethical (ESG) considerations
- RG 181 AFS Licencing: Managing conflicts of interest contains updated guidance on how the law applies to conflicts of interest, practical steps for effective conflict management and a new 'catalogue' of related legal obligations and information
- RG 221 Digital financial services disclosure has been simplified and updated, with guidance on digital disclosure practices centralised.

A number of information sheets and related regulatory guidance documents have now been withdrawn, including ASIC's previous guidance on ESG disclosure, RG 65.

In addition, consultation has recently closed on proposed updates to RG 234 Advertising financial products and services (including credit): Good practice guidance. Among other changes, ASIC has proposed incorporating guidance from RG 53 on the use of past performance information in promotional material into RG 234, with RG 53 planned to be withdrawn once the updates have been finalised.

Updated references to funds in modern awards on the horizon

The Fair Work Commission (FWC) has begun a process of updating references to super funds in 125 modern awards. The changes are intended to correct funds that have had a name change, been named incorrectly or no longer offer a MySuper product. Further information can be found on the FWC website.

Changes coming in response to the Shield and First Guardian failure

On 10 December 2025, the Financial Services Minister foreshadowed consultation early in 2026 on a number of changes that will impact super funds, in response to the Shield and First Guardian managed investment scheme failures. They include:

- changes to ensure consumers are properly informed before switching super funds — this could, for example, include an expansion of the existing cooling-off regime in the Corporations Act
- actions to address the issue of lead generators pushing people to switch their super into higher risk environments and low-quality managed investment schemes
- reforms to ensure the Compensation Scheme of Last Resort (CSLR) remains sustainable.

The first round of this consultation was released on 10 February, focusing on changes to the governance of managed investment schemes. Further rounds are expected soon, including changes intended to strengthen super fund trustee governance standards.

There will also be a special levy of \$47.3 million for the 2025-26 year to fund the increased call on the CSLR, which will be applied broadly to reduce the burden on any one subsector.

Separately, in December 2025, APRA announced that it had imposed additional RSE licence conditions on two trustees after identifying concerns regarding the onboarding of new investment options, the adequacy of the due diligence conducted in relation to new investment options and the adequacy of the relevant trustee's investment monitoring and reporting framework. The regulator also accepted a court-enforceable undertaking from a third trustee to address material weaknesses in its investment governance framework and practices.

Merger reform notification exemptions for SFTs and trustee changes

In an apparent response to concerns around potential impacts on successor fund transfers, at the beginning of January a new competition determination was registered which exempts acquisitions of shares or assets by a successor trustee from a requirement to notify the Australian Competition and Consumer Commission under merger reform legislation that commenced on 1 January 2026. The exemption applies in the following situations:

- successor funds transfers
- an arrangement giving effect to the transfer of members' benefits to a successor fund as permitted under Part 18 of the SIS Act (i.e. transfers requiring APRA approval)
- member consent rollovers and transfers.

The exemption also covers changes in trustee pursuant to a Deed of Resignation and Appointment – that is, where the trustee changes but there is no transfer of members or benefits from one fund to another.

APRA superannuation statistical publications released

Highlights of APRA's December 2025 Quarterly Superannuation Performance publication, issued on 26 February, included the following:

	Dec 2024 (\$ billion)	Dec 2025 (\$ billion)	Change (%)
Total Superannuation assets	4,150.8	4,485.5	+8.1
Total APRA-regulated assets	2,916.6	3,181.4	+9.1
Total self-managed super fund assets	1,001.7	1,061.4	+6.0

APRA's MySuper statistical publication for the September 2025 quarter was also released on 26 November. This report contains data relating to product profile, asset allocation targets and ranges, investment performance and net returns, as well as fees and costs and some insurance premium data.

APRA also released several other publications at the end of 2025:

- on 9 December, the September 2025 editions of its Quarterly Superannuation Industry publication, Quarterly Superannuation Product Statistics and Quarterly Fund-level Statistics data
- on 16 December, its Annual Superannuation Bulletin for the year ending 30 June 2025.

Legislative update

The following bills are before parliament:

- Treasury Laws Amendment (Genetic Testing Protections in Life Insurance and Other Measures) Bill 2025
- Treasury Laws Amendment (Supporting Choice in Superannuation and Other Measures) Bill 2025, which contains the government's proposed ban on advertising of most superannuation products during employee onboarding
- Treasury Laws Amendment (Building a Stronger and Fairer Super System) Bill 2026 and related imposition bill, covering the revised Division 296 tax regime.

Since the last edition of Super Update, the following regulations and legislative instruments relevant to superannuation have been made:

- Treasury Laws Amendment (Payday Superannuation) Regulations 2026, which contain details of the treatment of defined benefit members and other changes supporting the Payday Super legislation
- ASIC Superannuation (Disclosure and Reporting Consistency Obligations) Instrument 2023/941, which extends ASIC's s.29QC relief for another three years
- Family Law (Superannuation) Legislation Amendment (2026 Measures No. 1) Instrument, which contains some changes to approved valuation methods and factors for some super funds
- Competition and Consumer (Notification of Acquisitions) Determination 2025, which contains the ACCC notification changes discussed above
- Revocation instruments for the following APRA reporting standards:
 - SRS 531.0 Investment Flows
 - SRS 532.0 Investment Exposure Concentrations — this standard has been replaced by SRS 553.0
 - SRS 535.0 Securities Lending — replaced by SRS 552.0
 - SRS 600.0 Profile and Structure (RSE Licensee) — replaced by SRS 604.0
 - SRS 601.0 Profile and Structure (RSE) — replaced by SRS 607.0
 - SRS 721.0 ABS Securities Subject to Repurchase and Resale and Stock Lending and Borrowing — replaced by SRS 552.0
 - SRS 722.0 ABS Derivatives Schedule — replaced by SRS 550.0.

A guide to key changes

The dates that follow were correct as at the time of publication of this edition of Super Update.

Date	Change
1 Jul 2026	Commencement of Payday Super requirements.
1 Jul 2026	Commencement of climate-related financial disclosure obligations for group 2 entities including super funds.
1 Jul 2026	Proposed commencement of Division 296 tax – additional earnings tax on super balances over \$3 million.
1 Oct 2027	Start date for publication of product dashboard for certain Choice products.
1 Oct 2027	MySuper product dashboard to be included in periodic statements.
1 Jan 2029	Commencement of section 29QC of the SIS Act.

Contact Us

For further information please contact your WTW consultant:

Melbourne	61 3 8681 9800
Sydney	61 2 9253 3333

About WTW

At WTW (NASDAQ: WTW), we provide data-driven, insight-led solutions in the areas of people, risk and capital. Leveraging the global view and local expertise of our colleagues serving 140 countries and markets, we help you sharpen your strategy, enhance organisational resilience, motivate your workforce and maximise performance.

Working shoulder to shoulder with you, we uncover opportunities for sustainable success—and provide perspective that moves you.

The information in this publication is general information only and does not take into account your particular objectives, financial circumstances or needs. It is not personal advice. You should consider obtaining professional advice about your particular circumstances before making any financial or investment decisions based on the information contained in this document.



[wtwco.com/social-media](https://www.wtwco.com/social-media)

Copyright © 2026 WTW. All rights reserved.
Towers Watson Australia Pty Ltd (ABN 45 002 425 349, AFSL 229921)
WTW1006AU

[wtwco.com.au](https://www.wtwco.com.au)

