



Australian Government

Department of Education, Employment and Workplace Relations

FNSFLT204A Develop understanding of superannuation

Revision Number: 1

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Modification History

Not applicable.

Unit Descriptor

Unit descriptor	<p>This unit describes the performance outcomes, skills and knowledge required to understand the role of superannuation and other longer-term investment devices and to make effective and informed decisions about the related products.</p> <p>No licensing, legislative, regulatory or certification requirements apply to this unit at the time of endorsement.</p>
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Application of the Unit

Application of the unit	<p>This unit has wide application and may be used in workplaces, schools, adult and community learning organisations or Registered Training Organisations (RTOs) in order to build the financial literacy of learners. The unit may also be used as part of pre-vocational or new apprenticeship programs or as part of services provided by counselling or advisory organisations.</p>
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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. Identify and discuss the role of long term versus short term investments	<p>1.1. The role of savings and investments at different points of people's <i>life cycle</i> are explored and discussed</p> <p>1.2. The savings and investment patterns of Australia, population growth, ageing and other countries, are analysed, compared and discussed</p> <p>1.3. The purpose and characteristics of a <i>range of savings and investment vehicles</i> used for short and long term savings and investment are analysed, compared and discussed</p>
2. Identify and discuss the contemporary superannuation environment in Australia	<p>2.1. The purposes and benefits of superannuation as part of a long term investment strategy to support people in retirement are identified, analysed and discussed</p> <p>2.2. Basic terminology used for clients of the superannuation industry and the <i>characteristics</i> of superannuation in Australia are analysed and discussed</p> <p>2.3. The role of <i>regulators</i> and trustees in the management of the Australian superannuation industry are identified and discussed</p> <p>2.4. Sources for ongoing information about superannuation in Australia are identified, accessed and their uses discussed</p>
3. Analyse the characteristics and structures of superannuation funds	<p>3.1. Types of <i>superannuation schemes</i> and <i>fund managers</i> are identified and compared</p> <p>3.2. Common investment objectives and the role of death benefits within superannuation schemes and their related <i>strategies</i> are identified and discussed</p> <p>3.3. The role and nature of preserved and non-preserved components of superannuation funds are identified and discussed</p> <p>3.4. The common costs of administering and managing superannuation funds are identified and discussed</p> <p>3.5. A cross-section of superannuation funds' performance over time is analysed, compared and the variables that contributed to performance are analysed and discussed</p>
4. Foster the active management of superannuation funds	<p>4.1. The importance and means of <i>checking superannuation Statements</i> for accuracy are identified and discussed</p> <p>4.2. Techniques for analysing the performance, rate of</p>

ELEMENT	PERFORMANCE CRITERIA
	<p>return, government taxes and other costs are identified, practised and discussed</p> <p>4.3. The government regulated minimum age when superannuation benefits can be accessed, and the regulation's impact, are identified and discussed</p> <p>4.4. The range of structures and techniques for the <i>utilisation of superannuation funds</i> on retirement are identified, analysed and discussed</p> <p>4.5. Mechanisms to gain information about a superannuation fund, track <i>lost superannuation contributions</i> or to lodge complaints if concerns or discrepancies arise about an individual's superannuation fund are identified and discussed</p> <p>4.6. <i>Questions on superannuation issues</i> that may be put to employers and fund providers are developed</p>

Required Skills and Knowledge

REQUIRED SKILLS AND KNOWLEDGE

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

Required skills

- communication skills to:
 - clearly explain superannuation characteristics and benefits
 - use questioning to develop clear understanding
 - liaise with others, share information, listen and understand
 - use language and concepts appropriate to cultural differences
- numeracy and IT skills to:
 - calculate superannuation costs, payments and accumulations over time
 - use a calculator
 - use internet information
- literacy skills for interpreting relevant information
- assessment and judgement skills to determine when to seek professional help
- learning skills to maintain knowledge of superannuation and its management

Required knowledge

- consumer issues relating to superannuation information
- the impact of legislation relating to superannuation
- roles and relationships between participants within the Australian financial services industry, including banks and other financial intermediaries

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:

- analyse and clearly explain the role of superannuation and other longer term investment vehicles used within the community at different points of the life cycle
- analyse and critically evaluate varying types of investment vehicles
- understand and apply the skills necessary to actively manage a superannuation investment.

Context of and specific resources for assessment

Assessment must ensure:

- competency is demonstrated in the context of the range statement
- access to and the use of a range of common office equipment, technology, software and consumables
- access to information about the current structures of Australia's superannuation system, information about a wide range of superannuation schemes and products, software and other relevant resources.

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 competency
- verbal or written questioning on underpinning knowledge and skills
- setting and reviewing simulations or scenarios
- group discussion to determine and confirm understanding.

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.

Savings and investment patterns are influenced by people's stage in the ***life cycle*** such as:

- dual income families or well established employment and reducing family responsibilities and costs
- early stages of family formation, with significant housing costs
- empty-nesters in pre-retirement with more significant savings opportunities
- retirees seeking to maximise income and, potentially, preserving capital
- students working part-time
- young people, new to the workforce, with limited income, high purchasing demands, potential Higher Education Contribution Scheme (HECS) debt.

A range of savings and investment vehicles used for short and long term savings and investment includes:

- longer term:
 - superannuation
 - property
 - personal share portfolios
 - bonds
- shorter term:
 - cash on deposit
 - fixed term cash management
 - money market investment account
 - Christmas club or other special event savings.

The range of ***characteristics*** of superannuation in Australia includes:

- 'salary sacrificing' and 'topping up' contributions
- ages at which people may access their superannuation savings
- available tax concessions for self-employed people that take out superannuation
- compulsory employer contributions as a percentage of earnings paid by employers as the superannuation guarantee
- contributions made on behalf of a spouse
- role and responsibilities of scheme trustees
- tax arrangements for superannuation accounts.

RANGE STATEMENT	
The regulators within the superannuation industry are:	<ul style="list-style-type: none"> • Australian Prudential Regulation Authority (APRA) • Australian Securities and Investments Commission (ASIC) • Australian Taxation Office (ATO).
Superannuation schemes include:	<ul style="list-style-type: none"> • accumulation funds.
The types of superannuation fund managers include:	<ul style="list-style-type: none"> • employer or corporate funds • industry funds • retail funds • self-managed funds.
Investment strategies and choices include:	<ul style="list-style-type: none"> • balanced • capital guaranteed • capital stable • growth.
Common items that will be found when checking superannuation Statements may include:	<ul style="list-style-type: none"> • benefit details • general details including: <ul style="list-style-type: none"> • fund name • member name and date of birth • date the member joined the fund • confirmation tax file number received • summary of account details including: <ul style="list-style-type: none"> • opening balance • list of contributions • deductions including fees and withdrawals by the member • investment earnings • rebates • closing balance.
Structures and techniques for the utilisation of superannuation funds on retirement include:	<ul style="list-style-type: none"> • a combination of the above • annuities • lump sum payment for further personal investment • superannuation funds may also be accessed early, under strict criteria, on 'compassionate grounds' which may include: <ul style="list-style-type: none"> • medical grounds • funeral and burial expenses • the forced sale of a home by a mortgagee • superannuation pensions.

RANGE STATEMENT	
<i>Lost superannuation contributions</i> occur when:	<ul style="list-style-type: none"> an employee changes job and the superannuation fund may lose track of the individual member. The ATO holds funds on behalf of lost superannuation members. Funds may be searched through the 'Lost Members Register'. <p>NB superannuation accounts can be tracked using 'Superseeker' and similar on-line tools.</p>
<i>Questions on superannuation issues</i> for employer and fund providers may include:	<ul style="list-style-type: none"> what are the different employment options impacting on superannuation: <ul style="list-style-type: none"> wage and salary employee self employed contractor full-time, part-time and casual multiple employers.

Unit Sector(s)

Unit sector	Financial literacy
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Competency field

Competency field	
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Co-requisite units

Co-requisite units		