

FSSD: 9/P/1/A/1-TM.mw  
22 February 2005

Managing Director  
Authorised Superannuation Fund Limited

Dear Sir/Madam,

**ANNUAL CREDITING FOR MEMBERS: GUIDE FOR INDUSTRY**

With the end of the accounting year, I wish to advise you of the proper procedures for applying and disclosing the annual crediting of members accounts. These procedures, and this letter, arose from discussions with the ASFPNG. Where your system can not manage this procedure, you are required to disclose your departure from this requirement.

*Central Bank Daily Weighted Crediting Standard for Crediting Members' Accounts.*

I thereby direct you to apply the following time weighted formulae for the annual crediting of the account of each ASF member:

$$\text{Crediting Amount to Member X} = \sum[(B_{nx} * 1/366 * \text{ACR}], \quad n=1 \text{ to } 366$$

where B = Each Member's Daily Balance, here Member X

n = each day of the accounting year, n=1, 2,...366 (leap year 2004)

ACR = Declared Annual Crediting Rate

That is, after declaration of your ASF annual crediting rate, the rate is applied to each daily balance of each member and aggregated for the total Kina credit to each member's account.

*Disclosure*

Where your systems can apply this daily weighted formulae and you do so, you may state in your public statements that you are compliant with the “Central Bank Requirement for Daily Weighted Crediting of Members’ Accounts”, or any short form to this effect.

Where your systems can not manage this approach and you are unable to achieve this standard, you are required to state that you have departed from the “Central Bank Requirement for Daily Weighted Crediting of Members’ Accounts” for this year and then to explain clearly the way in which you credited each account. Should you wish to do so, you may further explain that you are exempt from the Central Bank requirement for this year.

### *Exemption*

All ASFs without the system capacity are exempt from this requirement if, and only if, there is reference to departure from the Central Bank requirement and adequate explanation of the way in which you credited each account set out in the associated communication to members, generally member statements. If you would like guidance on wording or wish to test the adequacy of an explanation, please contact Mr Tom Milamala, Team Leader, Superannuation (phone 3227368 or email [tmilamala@bankpng.gov.pg](mailto:tmilamala@bankpng.gov.pg)).

This letter is a guidance note to achieve consistency and comparability on behalf of the industry that is very much in the interests of each ASF, particularly at this time when this issue has been referred to the Task Force. The Bank will not take any action under this guidance note if you do not follow these requirements. It may take action under the Superannuation Act or associated regulation if disclosure requirements are breached and/or your actions are not in the interests of members as required by the legislation including any matter related to the crediting of members’ accounts.

If you would like more information or if you would like to discuss this matter, please call Mr. Tom Milamala.

Yours sincerely,

Ellison Pidik  
Manager  
Financial System Supervision Department