

Guidelines for benefit calculation and crediting rate errors

1. Risk of errors

QIEC Super's crediting rates for each investment option are determined by a professional service provider, who makes allowance for tax and also relevant fees in the setting of these rates. Although QIEC Super has implemented comprehensive controls to minimise the chance of mistakes occurring, errors are still possible.

It should also be noted that some changes that affect crediting rates are not errors that need to be corrected. For example, legitimate changes to the assumptions (i.e. tax rates) inherent in the calculation of crediting rates may occur, or updated investment return information may become available.

2. When will QIEC Super compensate members (or recover from members) in the event of an error?

Where an error has been identified, QIEC Super will determine those members who have been disadvantaged as well as any members who have benefited from the error. QIEC Super aims to ensure that as far as practicable, members are restored to the position they would have been in had the error not occurred. However, this is subject to the application of a materiality threshold as resolved by the Trustee (from time to time) for determining whether compensation should apply.

Materiality threshold for compensation - Exiting members

QIEC Super will compensate exiting members who have been adversely impacted as a result of an error, subject to the application of the materiality threshold. This materiality threshold recognises that compensation for amounts below this value are of minimal value to the former member and also takes into account the administrative costs of processing the payment of compensation to former members (with this cost being borne by ongoing members). The determination of the materiality threshold is consistent with guidelines published by the Regulators as well as industry standards. QIEC Super reserves the right to vary this position on a case by case basis, if there are special circumstances. Amounts below the materiality threshold that are not paid to members will be contributed into QIEC Super's administration reserve.

Materiality threshold for compensation - Ongoing members (accumulation and income streams)

If an error has been identified during the course of the year, ongoing members generally won't require cash compensation (nor will recovery be required), as the application of the corrected crediting rate(s) will apply after the end of the financial year, which will restore their account to the position it would have been in, had the error not occurred.

When will QIEC Super seek to recover overpayments made to members?

QIEC Super will consider whether it is appropriate to seek to recover any overpayments from former members who have benefited from an error, on a case by case basis. Where QIEC Super determines it is not appropriate, or it would be inefficient to attempt to recover overpayments from exited member(s), the cost will be borne by the Fund's reserves.

3. Recovery of compensation costs

Where QIEC Super has paid compensation to rectify an error, the following actions may be taken:

- Where the error is the responsibility of a service provider, QIEC Super may seek recovery of an appropriate amount from the service provider (depending on the impact of the error);
- Where the error has been caused by or contributed to by a failure of QIEC Super's procedures, QIEC Super may seek recovery from the Fund's Indemnity insurer.