

Super Savings

Transition to retirement income account

Target Market Determination

1. About this document

This *Target Market Determination (TMD)* seeks to provide consumers, Australian Retirement Trust staff and distributors with an understanding of the class of consumers for which this product has been designed (the target market), having regard to their likely objectives, financial situation and needs.

This document is not to be treated as a full summary of the product's terms and conditions and is not intended to provide financial advice. Consumers must refer to the *Product Disclosure Statement (PDS)* and any supplementary documents when making a decision about this product and to seek financial advice if appropriate.

Product Disclosure Statement to which this *Target Market Determination* applies

This *TMD* applies to the *Super Savings Transition to retirement* income account referred to in the *Super Savings Product Disclosure Statement*.

2. Class of consumers that fall within this target market

A *Super Savings Transition to retirement income account* is a simple non-commutable, account-based pension product that allows consumers to access their superannuation savings as regular income payments. It is not designed for consumers who want to make contributions to a superannuation account or combine their super from multiple funds or accounts. Consumers can use a *Super Savings Accumulation account* to make contributions or combine their super before commencing a *Super Savings Transition to retirement income account*.

The following table describes the overall class of consumers the product is designed for.

Consumer class	Transitioning to retirement
Age range	From preservation age ¹ to age 65 ²
Employment status	Employed
Likely objectives	<ul style="list-style-type: none">• Tax effective saving for retirement over the medium term.• Access superannuation while still working to supplement income whilst reducing working hours in the lead up to retirement.• Ability to receive regular income payments to replace salary sacrifice contribution amounts paid into super account whilst working full time.
Likely needs	<ul style="list-style-type: none">• Receive regular income payments direct to their bank account from super with flexible frequency and amount options.• Ability to select from a wide range of investment options to suit personal risk/return profile and investment objectives.• Ability to nominate beneficiaries for death benefits under a preferred nomination (nonbinding), a binding nomination, or as a reversionary beneficiary. Australian Retirement Trust does not offer non-lapsing binding death benefit nominations.• Ability to leverage scale and group purchasing power for competitive administration and investment fees and costs to help preserve savings in retirement.• Assistance for vulnerable consumers.

¹ "Preservation age" is the Government-specified age at which an individual can access superannuation benefits via a transition to retirement income stream. Preservation age varies between 58 and 60 according to date of birth.

² Government regulations permit individuals to access their super if they have reached the age of 65, regardless of their employment status.

Product description and key attributes

The key eligibility requirements and product attributes include:

Investment options

Consumers can choose a mix of investment options that include:

- Actively managed and index investment options;
- Diversified (multi-asset class) and single asset class options;
- Hedged and unhedged options; and
- The *Today and Tomorrow* strategy.

Consumers can draw income payments proportionally from chosen investment option(s) or from one or more specific options and opt for automatic rebalancing every 6 or 12 months.

Other product features

- Income payments are concessional tax for those under 60 and tax-free from age 60.
- Simple financial advice to consumers about their *Super Savings* accounts at no additional cost.
- Consumers with more complex advice needs, including those looking for a full financial plan may be referred to an accredited external financial adviser. Advice of this nature may incur a fee.¹ Consumers can link a registered financial adviser to their account and request the advice fee relating to their *Super Savings* account(s) to be paid to their financial adviser from their account.
- Access to educational webinars, seminars, podcasts, calculators and tools at no additional cost.
- *Member Online* website and Australian Retirement Trust app to check super balance, update details or manage super and investments at consumers' convenience.
- Ability to access discounts on holidays, experiences, and everyday items through Dream Rewards.

¹ Australian Retirement Trust employees provide advice as representatives of Sunsuper Financial Services Pty Ltd (ABN 50 087 154 818 AFSL No. 227867) (SFS), wholly owned by the Australian Retirement Trust Superannuation Fund. Australian Retirement Trust has established a panel of accredited external financial advisers who are not employees of Australian Retirement Trust. Australian Retirement Trust is not responsible for the advice provided by these advisers and does not receive or pay any referral fees. These advisers will explain to you how their advice fees are determined.

Product eligibility criteria

- Consumers must be aged between their preservation age (58 – 60) and 64 and still working to open a *Super Savings Transition to retirement income account*.
- A *Super Savings Transition to retirement income account* can only be purchased from funds held in another *Super Savings* account, e.g. *Accumulation account*.
- A minimum amount of \$60,000 is required to open a *Super Savings Transition to retirement income account*. Income payments are subject to legislated annual minimum and maximum amounts. Lump sum withdrawals are not permitted.
- This product is not suitable for a consumer who is eligible to receive a superannuation death or disability benefit and wants to take it in the form of an income stream.
- No insurance cover is available in this product.
- This product is only available to people receiving it in Australia. Applications from outside Australia may not be accepted. This product is not available to current or former temporary residents (who are not now a citizen or permanent resident of Australia or a citizen of New Zealand).
- An account can be opened for persons that do not have capacity to make financial decisions by their attorney, guardian or trustee.

Objectives, financial situation, and needs

Investment options

The table below sets out the class of consumers that each **investment option** within the *Super Savings Transition to retirement* income account has been designed for. Consumers can select any option or combination of options to suit their personal objectives and needs.

Consumer class	Transitioning to retirement												
Likely investment objectives	Generate wealth over the medium (5 years) to long term (10+ years)												
Investment risk tolerance	Medium to High												
Investment horizon	5 – 10 years												
Likely suitable diversified investment options	Our diversified investment options are designed to meet the risk/return needs of the vast majority of consumers and those who want to invest in a diversified portfolio of asset classes based on an investment strategy determined by Australian Retirement Trust. The table below assumes the entire account balance is invested in one of these options. Mixing these investment options will produce a different total risk/return profile.												
Growth	●												
Balanced	●												
Balanced - Index	●												
Socially Conscious Balanced	●												
Retirement	●												
Single asset class options	<p>Our single asset class options are designed for consumers who want to build their own investment portfolio to suit their personal risk/return objectives from a range of asset classes with various investment styles:</p> <table border="0" style="width: 100%;"> <tr> <td>Shares</td> <td>Australian Shares</td> </tr> <tr> <td>Australian Shares - Index</td> <td>International Shares - Index (hedged)</td> </tr> <tr> <td>Emerging Markets Shares</td> <td>International Shares - Index (unhedged)</td> </tr> <tr> <td>Property</td> <td>Australian Property - Index</td> </tr> <tr> <td>Diversified Bonds</td> <td>Diversified Bonds - Index</td> </tr> <tr> <td>Cash</td> <td>Diversified Alternatives</td> </tr> </table>	Shares	Australian Shares	Australian Shares - Index	International Shares - Index (hedged)	Emerging Markets Shares	International Shares - Index (unhedged)	Property	Australian Property - Index	Diversified Bonds	Diversified Bonds - Index	Cash	Diversified Alternatives
Shares	Australian Shares												
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Property	Australian Property - Index												
Diversified Bonds	Diversified Bonds - Index												
Cash	Diversified Alternatives												



Investment option is likely to be suitable for the likely objectives, financial situation and needs of consumers in Consumer Class.



Investment option is less likely to be suitable for the likely objectives, financial situation and needs of consumers in Consumer Class, except where recommended under a personal financial product advice arrangement that considers the personal investment objectives, risk tolerance and investment horizon of the consumer.

Australian Retirement Trust recommends that consumers seek financial advice when making any investment decision. A *Super Savings Transition to retirement income account* is not designed for consumers who want to select individual assets their super is invested in (e.g. stock selection) or engage in frequent market trading/investment switching.

Refer to the *Super Savings Investment guide* for further information on who the investment options have been designed for, objectives, return targets after fees and costs, strategic asset allocations and risk profiles for all investment options.

Today and Tomorrow strategy

Consumers can also choose to implement Australian Retirement Trust's *Today and Tomorrow* strategy, which is designed to meet the needs of consumers who are nearing retirement.

The *Today and Tomorrow* strategy invests an amount equal to twice the annual income payment in the Cash investment option, and the rest in the Retirement investment option. The maximum allocation to the Cash investment option is 20% of the initial balance.

Income payments are initially paid from the Cash investment option until there are no longer enough funds to make regular payments, and then proportionally across the account. Investments are not rebalanced from the initial allocation.

Consumers can only select the *Today and Tomorrow* strategy at commencement of a *Super Savings Transition to retirement income account* or when restarting a *Super Savings Transition to retirement income account*.

Automatic portfolio rebalancing service

Australian Retirement Trust offers an automatic rebalancing service that reweights the investment options back into line with the original selection. Consumers can choose between an automatic rebalance frequency of twice yearly (31 March and 30 September) or annually (31 March). The automatic rebalancing service is not available to consumers that have chosen the *Today and Tomorrow* strategy.

Consistency between target market and the product

A *Super Savings Transition to retirement income account* that is distributed to a consumer in accordance with the *Distribution conditions* below will likely be consistent with their likely objectives, financial situation or needs for the following reasons:

Investment options

Our investment goals are to:

- Enable consumers to achieve desired retirement outcomes by offering appropriate investment options for their needs.
- Deliver sustainably high, risk-adjusted net real returns that exceed the objectives set for each investment option.
- Improve the outcome for consumers by obtaining excellent value for money, without compromising the quality of our investment options.
- Perform strongly against our peers through the cycles to help maintain and grow the asset and consumer bases to enable us to continue to efficiently deliver a quality service for consumers.

The diversified multi-asset class options are designed to meet the risk/return needs of the vast majority of consumers. The other options are available for consumers who wish to tailor their asset allocation.

Other product attributes and features

- Australian Retirement Trust is a profit-for-members fund. Any profits made are directed back to consumers in the form of lower fees and improved services.
- Our fee structure takes into account the demographics of the fund as well as future projections with the aim to balance a low fee proposition and ongoing funding requirements:
 - ✓ Administration fee structure consisting of a weekly dollar-based component and a per annum percentage of account balance component has been developed with consideration of the membership structure and operating cost and results in an equitable spread of costs between lower and higher account balances.
 - ✓ Australian Retirement Trust does not profit from investment fees and costs.
 - ✓ No fees charged for buy-sell spreads or investment switching.
 - ✓ No additional fees for intra-fund advice.
 - ✓ Other fees and costs apply to family law splits and personal advice fees where authorised by consumers.
- Australian Retirement Trust offers assistance for vulnerable consumers through translation services, phone assistance, National Relay Service (NRS), physical offices at various locations in Australia, and specialised training for Australian Retirement Trust staff.

3. How this product is to be distributed

Distribution channels

This product is designed to be distributed through the following means:

Consumers can open a *Super Savings Transition to retirement income account*:

- Personally by either:
 - ✓ activating a *Super Savings Transition to retirement income account* in [Member Online](#); or
 - ✓ completing an [Income account request form](#)

This includes those implementing a personal financial product advice recommendation from a suitably qualified and accredited financial adviser.

- Via an application completed with the consumer's Financial Adviser via Australian Retirement Trust's *Adviser Online* portal under a personal financial product advice arrangement.
- Via application by an authorised attorney, guardian or trustee to consumers that do not have capacity to make financial decisions.
- By issue directly from Australian Retirement Trust to consumers acquiring an interest in Australian Retirement Trust due to a successor fund transfer.

Consumers can choose options on their account personally via *Member Online*, the Australian Retirement Trust app, over the phone with a Australian Retirement Trust representative or by submitting the relevant form to Australian Retirement Trust. Registered Financial Advisers may be able to transact on a consumer's account via Australian Retirement Trust's *Adviser Online* portal. Not all choices are able to be made via every channel.

Distribution conditions

This product should only be distributed under the following circumstances:

- *Super Savings Transition to retirement income accounts* must only be issued via the *Distribution channels* stipulated above.
- This product offer is available only to people receiving it in Australia. Applications from outside Australia may not be accepted.
- This product is not available to current or former temporary residents (who are not now a citizen or permanent resident of Australia or a citizen of New Zealand).
- In accordance with legislation, this product is only available to consumers who have reached their preservation age but have not otherwise met a condition of release.
- Consumers over the age of 65 are not able to open a *Super Savings Transition to retirement income account*. Consumers will be moved from a *Super Savings Transition to retirement income account* (accumulation phase) to a *Super Savings Retirement income account* (retirement phase) after they turn 65, or if they cease employment on or after they turn 60, or if they advise us that they are permanently retired. Consumers should review their circumstances before conversion occurs to ensure they do not exceed their personal Transfer Balance Cap.
- An account can be opened for consumers that do not have capacity to make financial decisions by their appointed attorney, guardian or trustee by using the *Membership application* form at the back of the *PDS*, an [Income account request form](#) and supplying suitable evidence of their appointment as attorney, guardian or trustee.
- The product should not be distributed to a person who is not in the target market outlined above, unless under a personal financial product advice arrangement where the client's personal objectives, financial situation and needs have been taken into account and the best interest duty applies.

The following distribution conditions apply to key attributes and features within the product:

- Consumers are limited to selecting up to 10 investment options for either current assets or future income payments. Investment switching may be suspended or restricted in some unfavourable market conditions or where consumers engage in frequent switching activity.
- Registered Financial Advisers can transact on a consumer's account via Australian Retirement Trust's *Adviser Online* portal only where explicitly authorised by the consumer.

Adequacy of distribution conditions and restrictions

Australian Retirement Trust has determined that the distribution conditions and restrictions outlined above are appropriate, will make it likely that consumers who acquire a *Super Savings Transition to retirement income account* are in the target market for which it has been designed, and will assist distribution of the product being directed towards the target market for the following reasons:

- The product's eligibility criteria and permitted distribution channels restrict access to the product and make it likely that the product will be distributed to consumers in the target market for which this product is designed;
- The distribution conditions and restrictions applicable to investment and other product options make it likely that the product's key attributes are consistent with the likely objectives, financial situation and needs of the consumers within the target market, and reduces the risks of potential harm to consumers exercising those options and the product being distributed to consumers outside the target market; and
- Distribution of the product to a consumer outside the target market for this product under a personal financial product advice arrangement is permitted as the financial adviser is required to take into account the personal objectives, financial situation and needs of the consumer.

4. Reporting and monitoring this Target Market Determination

We may collect the following information from our distributors in relation to this *TMD*.

Complaints

Distributors must report all complaints received in relation to the product(s) covered by this *TMD* on a quarterly basis.

This will include the substance of complaints and general feedback relating to the product and its performance.

Distributors must report complaints information within 10 business days after the end of the relevant quarter.

Significant dealings inconsistent with this *TMD*

Distributors must report if they become aware of a significant dealing in the product that is inconsistent with this *TMD* within 10 business days.

A significant dealing may include:

- A significant proportion of consumers who have acquired the product but are not in the target market, including consumers who have been specifically excluded from the target market.
- The actual or potential harm and financial loss to consumers that have acquired the product but are not in the target market.
- The nature and extent of any inconsistency of product distribution with this *TMD*.
- A significant amount of funds transferred to the product from consumers outside the target market.

5. Reviewing this *Target Market Determination*

This *Target Market Determination* is **effective from 28 February 2022**. We will review this *Target Market Determination* in accordance with the below:

Initial review	By 5 October 2023
Periodic reviews	Within 24 months of last review
Review triggers or events	<p>Any event or circumstances arise that would suggest the <i>TMD</i> is no longer appropriate. This may include (but is not limited to):</p> <ul style="list-style-type: none"> • A material change to the design or distribution of the product, including related documentation; • Occurrence of an ASIC reportable significant dealing; • Distribution conditions found to be inadequate; • External events such as persistent and materially adverse media coverage or regulatory attention; • Significant changes in metrics, including, but not limited to: <ul style="list-style-type: none"> ✓ increase in investment option switching; ✓ increase in consumers exiting the product; ✓ increase or persistent consumer complaints about investment options or the product in general; and ✓ persistent underperformance of the product or its key attributes against objectives and benchmarks. • External events or a change in the underlying assets of the investment options for this product impacts their investment objectives; • A change has occurred that effects the likely objectives, financial situation or needs of the target market; • Use of Product Intervention Powers, regulator orders or directions in relation to the distribution of this product by ASIC; • Significant breach event relating to the design or distribution of this product; and • Australian Retirement Trust makes a determination for purposes of s52(9) of <i>Superannuation Industry (Supervision) Act 1993</i> that the financial interests of the customers who hold this product are not being promoted.

Where a review trigger has occurred, this *Target Market Determination* will be reviewed within 10 business days.

 **13 11 84** (+61 7 3121 0700 when overseas)

 GPO Box 2924 Brisbane QLD 4001

 australianretirementtrust.com.au

Australian Retirement Trust Pty Ltd
ABN 88 010 720 840
AFSL No. 228975

Australian Retirement Trust Superannuation Fund
ABN 60 905 115 063
Unique Super Identifier (USI) 98 503 137 921 001

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