

# Target Market Determination

## Flexible Income with Transition to Retirement (USI 53 226 460 365 012)

Effective date 5 October 2021 | Next scheduled review to be completed by 4 October 2022

### 1 About this document

The purpose of a Target Market Determination (TMD) is to give customers, distributors and staff an understanding of the group of customers this product has been designed for, taking into account their objectives, financial situation and needs.

This TMD is not a full summary of the Flexible Income product's terms and conditions and is not intended to provide financial advice. Customers should refer to the *VicSuper Flexible Income Product Disclosure Statement (PDS)*, available at [vicsuper.com.au](http://vicsuper.com.au), and any supplementary documents, when making a decision about this product.

#### Product to which this target market determination applies

This TMD applies to the Flexible Income product with a Transition to Retirement (TTR) option referred to in the following PDS:

- Flexible Income Product Disclosure Statement

### 2 Important dates

Date from which this target market determination is <b>effective</b>	5 October 2021
Date when this target market determination was <b>last reviewed</b>	5 October 2021
Date when this target market determination will be <b>next reviewed</b>	4 October 2022

### 3 Target market for Flexible Income product

The information below summarises the overall class of customers that fall within the target market for the Flexible Income product.

#### Flexible Income product:

The Product is designed for customers in Australia who:

- have met a condition of release for their superannuation savings and are looking to take advantage of the tax benefits associated with a superannuation pension product
- want to generate a flexible income stream from their superannuation savings, with the ability to withdraw lump sum amounts
- want to choose an investment strategy for their savings by selecting one or more investment options
- want to have the option to access their superannuation savings.

The Flexible Income Plan product **is not** designed for customers who:

- do not have at least the minimum required amount of superannuation savings
- have not met a superannuation condition of release
- do not want to draw an income from their superannuation savings
- are looking for a guaranteed income stream.

### **Flexible Income product with TTR option:**

The Product **is** designed for customers in Australia who:

- are aged between their preservation age and age 65
- employed or actively seeking employment
- want an income stream to replace or supplement employment income from their superannuation savings while still working or looking for work
- want to choose an investment strategy for their savings by selecting one or more investment options
- want to have the option to access their superannuation savings
- have not met a condition of release (other than reaching their preservation age).

The Flexible Income product with TTR option **is not** designed for customers who:

- do not have at least the minimum amount of superannuation savings
- have not reached preservation age or are aged 65 or older
- have met a condition of release (other than reaching their preservation age)
- do not want to draw an income from their superannuation savings
- are looking for a guaranteed income stream.

### **Flexible Income product:**

#### **Profiles of customers for investment options**

Investment options with a lower allocation to growth assets are likely to have lower risk that retirement savings are eroded by investment performance and so provide better capital maintenance but are more likely to yield lower returns over the medium to long term. As a result, these investment options are likely to be suitable for customers seeking to maintain their capital within retirement. These options will likely not be suitable for customers seeking higher growth in retirement and/or who are willing to accept the risks associated with higher market volatility. These investment options are:

- Capital Stable
- Capital Secure
- Cash
- Term Deposit.

Accordingly, these investment options are likely to be suitable for customers with a short-term investment timeframe and/or a focus on capital maintenance in retirement.

Investment options with a higher allocation to growth assets are likely to have higher risks associated with market volatility but are more likely to yield higher return on investment over the medium to long term. As such, these investment options are unlikely to be suitable for customers who are not willing to accept an increased risk of fluctuating returns, including a risk that returns may be negative at times. These options are likely to be more suitable for customers who are seeking higher growth throughout retirement and/or can accept the risks associated with higher market volatility and/or are less reliant on the income stream. These investment options are:

- Equity Growth
- Growth
- Socially Conscious
- Balanced
- Australian Shares.

Accordingly, these investment options are likely to be suitable for customers with a medium to long-term investment timeframe and/or have other sources of income in retirement.

## Flexible Income product with TTR option:

### Profiles of customers for investment options

Investment options with a lower allocation to growth assets are likely to have lower risk that retirement savings are eroded by investment performance and so provide better capital maintenance but are more likely to yield lower returns over the medium to long term. As a result, these investment options are likely to be suitable for customers seeking to maintain their capital in the transition to retirement. These options will likely not be suitable for customers seeking higher growth in the transition to retirement and/or who are willing to accept the risks associated with higher market volatility. These investment options are:

- Capital Stable
- Capital Secure
- Cash
- Term Deposit.

Accordingly, these investment options are likely to be suitable for customers with a short-term investment timeframe and/or a focus on capital maintenance in retirement.

Investment options with a higher allocation to growth assets are likely to have higher risks associated with market volatility but are more likely to yield higher return on investment over the medium to long term. As such, these investment options are unlikely to be suitable for customers who are not willing to accept an increased risk of fluctuating returns, including a risk that returns may be negative at times. These options are likely to be more suitable for customers who are seeking higher growth in the transition to retirement or are less reliant on the income stream. These investment options are:

- Equity Growth
- Growth
- Socially Conscious
- Balanced
- Australian Shares.

Accordingly, these investment options are likely to be suitable for customers with a medium to long-term investment timeframe and/or have other sources of income in retirement.

## Flexible Income product:

### Product description and key attributes

The Flexible Income product is designed for managing and investing a customer's savings throughout retirement and drawing a regular income (and lump sums) from superannuation savings. The product is designed to allow customers to select an investment option that suits them and to adjust their investments as they move through their retirement. Customers have access to a range of support services to help them understand the Product and solve any issues that might arise.

The key attributes of this Flexible Income product are:

- a minimum initial investment of \$10,000
- a pension account in a superannuation fund designed to invest customers' savings throughout retirement and to provide regular, but potentially variable, income until customers' funds are exhausted, withdrawn or rolled over
- ability to determine pension amounts subject to the Government's pension payment minimums
- choice of fortnightly, monthly, quarterly, half yearly or annually pension payments
- customers have the option to withdraw lump sums at their discretion
- a choice of multiple investment options, including 6 diversified (mix of assets) and 3 single asset class (one asset only) investment options
- investment options with a higher allocation to growth assets and medium to long-term investment timeframes as well as those with a lower allocation to growth assets
- in order to apply a condition of release (other than reaching preservation age) must be met e.g. be aged 65.

## Flexible Income product with TTR option:

### Product description and key attributes

The Flexible Income product with TTR option is designed for managing and investing a customer's savings in the transition to retirement and drawing a regular income from superannuation savings to supplement other income. The products are designed to allow customers to select an investment that suits them and to adjust their investments during their transition to retirement. Customers have access to a range of support services to help them understand the Product and solve any issues that might arise.

The key attributes of this Flexible Income product with TTR option are:

- a minimum initial investment of \$10,000
- a pension account in a superannuation fund designed to invest customers' savings in the transition to retirement and to provide a pension, but potentially variable, income until customers' funds are exhausted, withdrawn or rolled over
- ability to determine income stream amounts subject to the Government's minimum and maximum payment limits
- choice of fortnightly, monthly, quarterly, half yearly or annually pension payments
- a choice of multiple investment options, including 6 diversified (mix of assets) and 3 single asset class (one asset only) investment options
- investment options with a higher allocation to growth assets and medium to long-term investment timeframes as well as those with a lower allocation to growth assets
- in order to apply, a customer must have reached their preservation age.

## Flexible Income product:

### Objectives, financial situation, and needs

The likely objectives, financial situation and needs of customers within the target market for the Flexible Income product are:

<b>Objectives</b>	<ul style="list-style-type: none"><li>• <b>Flexible Income Plan product :</b><ul style="list-style-type: none"><li>- To draw a regular income from superannuation savings to fund retirement usually in addition to income derived from the aged pension and other financial assets held outside super</li><li>- To achieve consistent investment performance on savings yet to be withdrawn as income</li><li>- To have investments professionally managed</li></ul></li><li><b>Investment options:</b><ul style="list-style-type: none"><li>- To prioritise the preservation of capital and achieve some growth on superannuation savings by selecting a lower-risk investment option</li><li>- To prioritise maximising growth on superannuation savings by selecting a higher-risk investment option</li></ul></li></ul>
<b>Financial Situation</b>	<ul style="list-style-type: none"><li>• <b>Flexible Income Plan product:</b><ul style="list-style-type: none"><li>- Someone who is retired or who has otherwise met a condition of release</li><li>- Someone who has a reasonable sum of accumulated superannuation savings</li><li>- Someone who needs or wishes to rely wholly or partly on an income stream from accumulated superannuation savings in order to pay for living expenses</li></ul></li><li><b>Investment options:</b><ul style="list-style-type: none"><li>- Someone who has a high dependence on superannuation pension income and/or prioritises maintaining superannuation savings with a lower-risk investment option</li><li>- Someone who has a longer-term investment horizon or low dependence on superannuation pension income (e.g. because they have other sources of income in retirement) and would therefore like to prioritise achieving growth with a higher-risk investment option</li></ul></li></ul>
<b>Needs</b>	<ul style="list-style-type: none"><li>• <b>Flexible Income Plan product:</b><ul style="list-style-type: none"><li>- Needs a full or partial replacement income stream to pay for living expenses</li></ul></li><li><b>Investment options:</b><ul style="list-style-type: none"><li>- To preserve accumulated superannuation savings as opposed to achieving growth with a lower-risk investment option</li><li>- To achieve growth on accumulated superannuation savings with some risk of negative return with a higher-risk investment option</li></ul></li></ul>

## Flexible Income product with TTR option:

### Objectives, financial situation, and needs

The likely objectives, financial situation and needs of customers within the target market for the Flexible Income product with TTR option are:

<b>Objectives</b>	<ul style="list-style-type: none"><li>• <b>Flexible Income Plan product with TTR option:</b><ul style="list-style-type: none"><li>- To draw a regular income from superannuation savings to replace or supplement take home pay while still working</li><li>- To achieve consistent investment performance on savings yet to be withdrawn as income</li><li>- To have their investment professionally managed</li></ul></li><li>• <b>Investment options:</b><ul style="list-style-type: none"><li>- To prioritise the preservation of capital and achieve some growth on superannuation savings by selecting a lower-risk investment option</li><li>- To prioritise maximising growth on superannuation savings by selecting a higher-risk investment option</li></ul></li></ul>
<b>Financial Situation</b>	<ul style="list-style-type: none"><li>• <b>Flexible Income Plan product with TTR option:</b><ul style="list-style-type: none"><li>- Someone who is employed or actively seeking employment</li><li>- Someone who has a reasonable sum of accumulated superannuation savings</li><li>- Someone who would rely fully or partly on an income stream from accumulated superannuation savings in order to replace or supplement income while still working</li></ul></li><li>• <b>Investment options:</b><ul style="list-style-type: none"><li>- Someone who has a high dependence on pension income and/or prioritises maintaining superannuation savings with a lower-risk investment option</li><li>- Someone who has a longer-term investment horizon or low dependence on pension income (e.g. because they have sufficient other sources of income in retirement) and would therefore like to prioritise achieving growth with a higher-risk investment option</li></ul></li></ul>
<b>Needs</b>	<ul style="list-style-type: none"><li>• <b>Flexible Income Plan product with TTR option:</b><ul style="list-style-type: none"><li>- Needs a full or partial replacement income stream to supplement or replace their take home pay</li></ul></li><li>• <b>Investment options:</b><ul style="list-style-type: none"><li>- To preserve accumulated superannuation savings as opposed to achieving growth with a lower-risk investment option</li><li>- To achieve growth on accumulated superannuation savings with some risk of negative return with a higher-risk investment option</li></ul></li></ul>

### Consistency between target market and the product

The Flexible Income product is consistent with the objectives, financial situation and needs of the target market based on our understanding of the target market and analysis of the product's key features and attributes.

## 4 How this product is to be distributed

### Distribution channels

The Product is designed to be distributed through the following means:

- The VicSuper Member Service Centre (call centre)
- The Aware Super Client Service Centre (call centre)
- Walk-in Service Centre (in person service)
- Online via the VicSuper Website
- Mail-in Application
- The Aware Super Business Development Team
- Internal Aware Super Financial Advisers
- Comparison Sites
- Direct-to-Member Marketing

### Distribution conditions

The Flexible Income product must only be distributed through the above distribution channels. Further, distributors should take reasonable steps not to distribute the Flexible Income product to a person for whom the product is not designed for, except through personal advice.

There are no other restrictions on the distribution of the product.

If it is determined that significant distribution has occurred outside the target market, Aware Super will:

- Review this TMD and amend as necessary, and
- Consider if distribution of the Flexible Income product should cease or be changed.

## Adequacy of distribution conditions and restrictions

The above distribution condition is adequate as this will control the distribution of the Product to channels known to us in our capacity as issuer. Additional distribution conditions and restrictions are not required given the breadth of the target market and the fact that the Flexible Income product is governed by eligibility and /or regulatory restrictions and otherwise target markets are at an investment option level.

## 5 Reviewing this target market determination

We will review this target market determination in accordance with the below:

<b>Initial review</b>	4 October 2022
<b>Next periodic review</b>	4 October 2024
<b>Review triggers or events</b>	<p>There are several events / circumstances that could arise and would suggest that the TMD is no longer appropriate. This may include the following review triggers:</p> <ul style="list-style-type: none"><li>• Material changes to the Flexible Income product's design, features or fees</li><li>• The occurrence of a significant dealing in the Flexible Income product outside the target market, including sub-markets</li><li>• A significant number of complaints regarding the design, features, fees or investment performance of the Flexible Income product or the Flexible Income product with the TTR option</li><li>• A material change to product usage having regard to:<ul style="list-style-type: none"><li>– Percentage of total customers who do an external rollover from the Flexible Income product or the Flexible Income product with the TTR option</li><li>– Number of customers acquiring the Flexible Income product or the Flexible Income product with the TTR option</li></ul></li><li>• Change to regulation or interpretation of regulation which has a material impact on the Flexible Income product's or the Flexible Income product with TTR option's design, features or fees</li></ul>

### Significant dealings in the product

A significant dealing outside the target market would be considered if:

- for the high growth investment options, a significant portion of older members have the majority of their account invested in high growth options in the medium to long term

## 6 Reporting and monitoring this target market determination

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

<b>Complaints</b>	<p>Distributors must report the number of complaints in relation to the Flexible Income product and Flexible Income product with TTR option at least quarterly. Reporting is still required if the number of complaints is zero.</p> <p>Complaints information must include the nature of complaints and general feedback from customers relating to the Flexible Income product and the Flexible Income product with TTR option and their performance.</p>
<b>Significant dealings</b>	<p>Distributors must report if they become aware of a significant dealing in relation to this TMD within 10 business days of becoming aware.</p>

## Contact us

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### Important information

Personal advice requires the provider to act in the client's best interests and take into account the client's circumstances. These rules do not apply to general advice. This communication contains general advice only and no personal advice. We have not taken into consideration any of your objectives, financial situation or needs or any information we hold about you when providing this general advice. Further this communication does not contain, and should not be read as containing, any recommendations to you in relation to your product. Before taking any action, you should consider whether the general advice contained in this communication is appropriate to you having regard to your circumstances and needs, and seek appropriate professional advice if you think you need it. Contact us to make an appointment to see one of our representatives. You should also read our product disclosure statement before making a decision about VicSuper. Call us or visit our website for a copy. Issued by Aware Super Pty Ltd ABN 11 118 202 672, AFSL 293340, the trustee of Aware Super ABN 53 226 460 365. Financial planning services are provided by our wholly owned financial planning business Aware Financial Services Australia Limited, ABN 86 003 742 756, AFSL No. 238430. You should read their Financial Services Guide before making a decision.