

Target Market Determination

Aware Super Retirement Income product
(including Retirement Transition) (USI 53 226 460 365 002)

Effective date 01 October 2024 | Next scheduled review to be completed by 01 October 2025

About this document

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

This TMD is not a full summary of the Retirement Income product's terms and conditions. You should refer to the *Aware Super Retirement Income Product Disclosure Statement* (PDS), available at aware.com.au/pds, and any supplementary documents, when making a decision about this product. You may also wish to consider obtaining financial advice before acquiring this product.

Aware Super Retirement Income has been designed for individuals who are looking to invest their super savings into a retirement product that will provide them with an income stream, when they are transitioning into retirement (a Retirement Transition account) or throughout their retirement (a Retirement Income account).

Both **Retirement Transition** and **Retirement Income** accounts are offered in the Aware Super Retirement Income product. In this document we refer to the product as Aware Super Retirement Income and the two offerings as Retirement Transition and Retirement Income.

Target market for the Aware Super Retirement Income product

A Retirement Transition account may suit those who want to work less while maintaining their income, by receiving a regular payment from their super. Or they may want to continue to work full-time and boost their super balance as they move closer to retirement, without affecting their take-home pay.

A Retirement Income account is for individuals who are looking to invest their super in a tax-effective way and that will provide them the benefits of flexible income payments and tax-free earnings.

Member attributes	Transitioning to retirement	Retirement
Typical characteristics	Looking to supplement their income by accessing their super money while working reduced hours in the lead up to retirement.	Looking to access their super money by drawing a regular income and lump sum payments as required to fund big ticket items, while remaining invested in a tax effective environment.
Typical age range	Between ages 60 to 64¹ This is a guide only and can vary depending on a member's specific circumstances. This includes things like their employment status, target retirement age, reaching age 60, meeting a condition of release and age pension eligibility.	Age 60 and over²
Employment status	<ul style="list-style-type: none"> Employed 	<ul style="list-style-type: none"> Retired Employed Not employed
Likely objective	<ul style="list-style-type: none"> Obtain a source of regular income while still working on scaled back hours leading into retirement. Working full time and looking to maximise tax effective salary sacrifice contributions. 	<ul style="list-style-type: none"> Obtain a source of income in retirement or supplement other forms of income with super money via regular income payments and with access to lump sums in a tax effective environment.

Member attributes	Transitioning to retirement	Retirement
Likely financial situation	<ul style="list-style-type: none"> Someone who is employed and would rely on a limited income stream from super savings in order to replace or supplement income while working. Someone who has a minimum super balance of \$20,000. 	<ul style="list-style-type: none"> Someone who has retired or who has otherwise met a condition of release. Someone who needs or wishes to rely wholly or partly on an income stream from super savings in order to pay for living expenses. Someone who has a minimum super balance of \$20,000.
Likely needs	<ul style="list-style-type: none"> Needs a partial replacement income stream to supplement their take home pay with reduced working hours. Needs a partial replacement income stream to supplement their take home pay with increased salary sacrifice contributions while working full time. Access to a choice of investment options of varying risk levels and investment styles to help meet their investment goals and personal preferences. 	<ul style="list-style-type: none"> To receive regular income payments to fund their lifestyle via flexible frequency and amount options. To access lump sum payments, when required. Access to a choice of investment options of varying risk levels and investment styles to help meet their investment goals and personal preferences.

¹ A member must be aged between 60 and 64 and still work part-time or full-time. When they turn 65, they will automatically be moved to a Retirement Income account. A member who has turned 65 has no restrictions and can access their super as an income stream or lump sum.

² A member can open a Retirement Income account if they have met a condition of release – which includes they have reached 65, or reached age 60 and have fully retired, or ceased an employment arrangement with an employer on or after reaching age 60.

Retirement Transition is **not** designed for members who:

- Have not reached age 60 or are aged 65 or older.
- Do not want to withdraw an income from their super savings.
- Are looking for a guaranteed income.
- Do not have a super balance of at least \$20,000.



Retirement Income is **not** designed for members who:

- Are 59 years or younger and have not met a super condition of release.
- Do not want to withdraw an income from their super savings.
- Are looking for a guaranteed income in retirement.
- Do not have a super balance of at least \$20,000.



Retirement Transition:

Product description and key attributes

Retirement Transition is designed for managing and investing a member's savings in the transition to retirement and drawing regular income payments from super savings to supplement other income.

It offers:

- The ability to draw a regular income from their account to meet day-to-day needs and to supplement their employment income.
- The ability to maintain flexibility with the freedom to choose how much income they wish to receive (within government limits).
- The choice of fortnightly, monthly, quarterly, half yearly or annual income payments.
- The ability to choose from a range of investment options to best suit their investment goals.
- Access to a range of death benefit nominations that allows members to choose who will receive the remaining balance of their retirement account in the event of their death.
- Member Online website and mobile app access to check their account balance, update details and manage investments.
- Access to educational webinars, seminars, calculators and tools to support members with their likely objectives.

Retirement Income:

Product description and key attributes

Retirement Income is designed for managing and investing a member's savings throughout retirement by allowing them to withdraw regular income payments and lump sum payments to supplement their lifestyle needs.

It offers:

- An account designed to invest members' savings throughout retirement and to allow them to draw a regular income from their account to meet day-to-day needs until their retirement savings are exhausted, withdrawn or rolled over.
- The ability to maintain flexibility with the freedom to choose how much income they wish to receive (within government limits).
- The choice of regular income payments fortnightly, monthly, quarterly, half yearly or annually, as well as lump sum payments as required.
- The ability to choose from a range of investment options to best suit their investment goals.
- Access to a range of death benefit nominations that allows members to choose who will receive the remaining balance of their retirement account in the event of their death, including providing a reversionary pension to their spouse.
- Member Online website and mobile app access to check their account balance, update details and manage investments.
- Access to educational webinars, seminars, calculators and tools to support members with their likely objectives.

Investment option suitability

The tables on the following pages set out the class of members that each investment option has been designed for, assuming this is the only option chosen by a member.

Investment option risk measures

When choosing an investment option(s), the risks that members need to consider will be different depending on how long they will be investing. To help guide members with their choice, we've provided an estimated short and long-term risk measure for each investment option. These can be found in the tables on the following pages.

The short-term risk level provides an indication of market volatility. It is based on the Standard Risk Measure (SRM) which classifies each option based on the likelihood of a negative return in a given year. The long-term risk level measures the risk of not generating a sufficient return above inflation to stay ahead of the rising cost of living. It is based on the likelihood of an investment option's expected returns being less than CPI (inflation) + 3.5% per annum. This is the approximate return the average member is likely to require from their super to maintain their lifestyle in retirement. Investment options with a lower long-term risk measure are most likely to generate returns above inflation over the long term.

To learn more about how we calculate short and long-term risk measures, including the assumptions and limitations, visit aware.com.au/investmentandrisk.



When you've retired and are drawing an income from your savings, the short and long-term risk measures are both important. This is because you need to manage any short-term ups and downs in the value of your investments, while also investing for long-term growth to help your savings last.

Even when you're in retirement, you may need to take some risk to help your savings continue to grow and keep up with the rising costs of living. We estimate that around 30% of the income paid from your super could come from the returns you make in retirement,¹ so investing to benefit from growth can be an important consideration and help meet long-term retirement goals.

¹ Source: Aware Super modelling, 31 October 2023. For more information, including a list of assumptions, go to aware.com.au/retirementcasestudy

Investment option suitability (continued)

Investment attribute



In target market



Potentially in target market



Unlikely to be in target market

Member attributes

Likely investment objective

Transitioning to retirement

Capital growth over the long term to mitigate the impact of inflation and the risk of outliving your savings, with less tolerance for significant fluctuations in returns.

Likely investment needs

Investments that strike a balance between:

- growing savings sufficiently to meet retirement income goals and keep up with the rising cost of living (i.e. inflation), and
- managing market volatility to help ensure savings can provide an income through the whole of retirement.

Option name	Minimum suggested investment timeframe	Short-term risk ¹	Long-term risk ¹	Transitioning to retirement Investment attribute
Diversified options				
High Growth	10 years	6 - High	2 - Low	●
High Growth Socially Conscious	10 years	6 - High	2 - Low	●
High Growth Indexed	10 years	6 - High	2 - Low	●
Balanced	7 years	6 - High	2 - Low	●
Balanced Socially Conscious	7 years	6 - High	2 - Low	●
Balanced Indexed	7 years	6 - High	3 - Low to Medium	●
Conservative Balanced	5 years	5 - Medium to High	3 - Low to Medium	●
Conservative	4 years	4 - Medium	5 - Medium to High	●
Defensive	3 years	3 - Low to Medium	7 - Very High	●
Single asset class options				
Australian Shares	10 years	7 - Very High	2 - Low	Our single asset class options are all suitable within a diversified portfolio. They are designed for members who want to build their own investment portfolio to suit their personal risk/return objectives from a range of asset classes.
International Shares	10 years	7 - Very High	3 - Low to Medium	
Property	10 years	7 - Very High	5 - Medium to High	
Bonds	5 years	4 - Medium	7 - Very High	
Cash	Up to 2 years	1 - Very Low	7 - Very High	
Term Deposit	Investors can choose a 3, 6, 9, or 12-month investment timeframe.	1 - Very Low	7 - Very High	

¹ For more information, refer to the 'Investment option risk measures' section on the previous page.

Investment option suitability (continued)

Member attributes				Retirement
Likely investment objective				Capital growth over the long term to mitigate the impact of inflation and the risk of outliving savings, with less tolerance for significant fluctuations in returns.
Likely investment needs				Investments that strike a balance between: <ul style="list-style-type: none"> growing savings sufficiently to meet retirement income goals and keep up with the rising cost of living (i.e. inflation), and managing market volatility to help ensure savings can provide an income through the whole of retirement.
Option name	Minimum suggested investment timeframe	Short-term risk ¹	Long-term risk ¹	Investment attribute
Diversified options				
High Growth	10 years	6 - High	2 - Low	●
Balanced	7 years	6 - High	2 - Low	●
Conservative Balanced	5 years	4 - Medium	2 - Low	●
Conservative Balanced Socially Conscious	5 years	5 - Medium to High	2 - Low	●
Conservative Balanced Indexed	5 years	6 - High	2 - Low	●
Conservative	4 years	3 - Low to Medium	3 - Low to Medium	●
Conservative Socially Conscious	4 years	4 - Medium	3 - Low to Medium	●
Conservative Indexed	4 years	5 - Medium to High	4 - Medium	●
Defensive	3 years	3 - Low to Medium	6 - High	●
Single asset class options				
Australian Shares	10 years	7 - Very High	2 - Low	Our single asset class options are all suitable within a diversified portfolio. They are designed for members who want to build their own investment portfolio to suit their personal risk/return objectives from a range of asset classes.
International Shares	10 years	7 - Very High	3 - Low to Medium	
Property	10 years	7 - Very High	4 - Medium	
Bonds	5 years	4 - Medium	7 - Very High	
Cash	Up to 2 years	1 - Very Low	7 - Very High	
Term Deposit	Investors can choose a 3, 6, 9, or 12-month investment timeframe.	1 - Very Low	7 - Very High	

¹ For more information, refer to the 'Investment option risk measures' section on page 3.

Consistency with objectives, financial situation and needs

Retirement Transition:

Retirement Transition 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.

Retirement Income:

Retirement Income 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.

How this product is to be distributed

Distribution channels

A consumer may become a member of this product by one of the following means:

- By directly applying via an online application or paper application form.
- Directly through a financial adviser.
- By accredited third party comparison sites.

Distribution conditions

The Aware Super Retirement Income product must only be distributed through the above distribution channels. Further, distributors should take reasonable steps not to distribute the Retirement 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 Retirement Income product should cease or be changed.

Adequacy of distribution conditions and restrictions

The above distribution conditions are 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 Retirement Income product is governed by eligibility and/or regulatory restrictions, and otherwise target markets are at an investment option level.

Reviewing this Target Market Determination

We will review this Target Market Determination in accordance with the below:

Next periodic review	01 October 2025
Review triggers or events	<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">• Material changes to the Aware Super Retirement Income product's design, features or fees.• The occurrence of a significant dealing in the Aware Super Retirement Income product outside the target market, including sub-markets.• A significant number of complaints regarding the design, features, fees or investment performance of the Retirement Income or the Retirement Transition offer.• Consideration of the Annual Member Outcomes Assessment.• A material change to product usage having regard to:<ul style="list-style-type: none">– Percentage of total members who do a full external rollover from the Retirement Income or the Retirement Transition offer.• A change to regulations or interpretation of regulations which has a material impact on the Retirement Income or the Retirement Transition offers design, features or fees.

Significant dealings in the product

A significant dealing outside the target market would be considered based on:

- A significant proportion of consumers who have acquired the product 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 superannuation contributions paid, or funds transferred to the product from consumers outside the target market.

Reporting and monitoring this Target Market Determination

Our distributors must provide, and we will collect, the following information in relation to this TMD.

Complaints	Distributors must report the number of complaints in relation to the Retirement Transition and Retirement Income offers at least quarterly, within 10 business days after the end of each calendar quarter. Complaints information must include the nature of complaints and general feedback from members relating to the Retirement Income and the Retirement Transition offers and their performance.
Significant dealings	Distributors must report if they become aware of a significant dealing in relation to this TMD within 10 business days of becoming aware.

Important dates

Date from which this Target Market Determination is effective	01 October 2024
Date when this Target Market Determination was last reviewed	01 October 2024
Date when this Target Market Determination will be next reviewed	01 October 2025

We're here to help

Phone 1300 650 873

Online aware.com.au/contact

Post Aware Super, GPO Box 89, Melbourne VIC 3001

Important information

Issued by Aware Super Pty Ltd (ABN 11 118 202 672, AFSL 293340) trustee of Aware Super (ABN 53 226 460 365). This Target Market Determination (TMD) contains general information only and does not take into account your specific objectives, financial situation or needs. Consider your own circumstances and read the relevant Product Disclosure Statement (PDS) available at aware.com.au/pds (or calling us for a copy), before making a decision about this product. It is recommended that you consult a financial adviser if you require financial advice that takes into account your personal circumstances.