

Target Market Determination

Transition to Retirement Income Stream (USI 53 226 460 365 002)

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 Transition to Retirement Income Stream product's terms and conditions and is not intended to provide financial advice. Customers should refer to the *Aware Super Transition to Retirement Income Stream Member booklet* (Product Disclosure Statement (PDS)), available at aware.com.au/pds, and any supplementary documents, when making a decision about this product.

Product to which this target market determination applies

This TMD applies to the Transition to Retirement Income Stream product referred to in the following PDS:

- **Transition to Retirement Income Stream – Member Booklet (Product Disclosure Statement)**

2 Important dates

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

3 Target market for Transition to Retirement Income Stream product

The information below summarises the overall class of customers that fall within the target market for the Transition to Retirement Income Stream product.

The Product is designed for customers in Australia who:

- are aged between their preservation age and 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 Transition to Retirement Income Stream product **is not** designed for customers who:

- do not have at least the minimum required 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.

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:

- Conservative Growth
- Australian Fixed Interest
- International Fixed Interest
- Cash.

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 the transition to 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:

- High Growth
- Growth
- Diversified Socially Responsible Investment
- Balanced Growth
- Australian Equities Socially Responsible Investment
- Australian Equities
- International Equities
- Property.

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 the transition to retirement.

Product description and key attributes

The Transition to Retirement Income Stream product is designed for managing and investing a customer's savings in the transition to retirement and drawing a regular income stream from superannuation savings to supplement other income. The product is designed to allow customers to select an investment option that suits them and to adjust their investments as they 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 Transition to Retirement Income Stream product are:

- a minimum initial investment of \$20,000
- 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 5 diversified (mix of assets) and 7 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.

Objectives, financial situation, and needs

The likely objectives, financial situation and needs of customers within the target market for the Transition to Retirement Income Stream product are:

Objectives	<ul style="list-style-type: none">• Transition to Retirement Income Stream product:<ul style="list-style-type: none">– To draw a regular income from superannuation savings to replace or supplement take home pay while still working– To achieve consistent investment performance on savings yet to be withdrawn as income– To have investments professionally managed• Investment options:<ul style="list-style-type: none">– To prioritise the preservation of capital and achieve some growth on superannuation savings by selecting a lower-risk investment option– To prioritise maximising growth on superannuation savings by selecting a higher-risk investment option
Financial Situation	<ul style="list-style-type: none">• Transition to Retirement Income Stream product:<ul style="list-style-type: none">– Someone who is employed or actively seeking employment– Someone who has above the product minimum initial amount of accumulated superannuation savings– 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• Investment options:<ul style="list-style-type: none">– Someone who has a high dependence on pension income and/or prioritises maintaining superannuation savings with a lower-risk investment option– 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
Needs	<ul style="list-style-type: none">• Transition to Retirement Income Stream product:<ul style="list-style-type: none">– Needs a full or partial replacement income stream to supplement or replace their take home pay• Investment options:<ul style="list-style-type: none">– To preserve accumulated superannuation savings, as opposed to achieving growth, with a lower-risk investment option– To achieve growth on accumulated superannuation savings with some risk of negative return with a higher-risk investment option

Consistency between target market and the product

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

Distribution conditions

The Transition to Retirement Income Stream product must only be distributed through the above distribution channels. Further, distributors should take reasonable steps not to distribute the Transition to Retirement Income Stream 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 Transition to Retirement Income Stream 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 Transition to Retirement Income Stream 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:

Initial review	4 October 2022
Next periodic review	4 October 2024
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 Transition to Retirement Income Stream product's design, features, or fees• The occurrence of a significant dealing in the Transition to Retirement Income Stream product outside the target market, including sub-markets• A significant number of complaints regarding the design, features, fees or investment performance of the Transition to Retirement Income Stream product• A material change to product usage having regard to:<ul style="list-style-type: none">– Percentage of external rollovers from the product– Number of customers acquiring the product• Change to regulation or interpretation of regulation which has a material impact on the Transition to Retirement Income Stream product's design, features or fees

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.

Complaints	<p>Distributors must report the number of complaints in relation to the Transition to Retirement Income Stream product 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 product and its performance.</p>
Significant dealings	<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

Phone 1300 650 873

Email enquiries@aware.com.au

Web aware.com.au

Post PO Box 1229, Wollongong NSW 2500



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 the following documents before making a decision about Aware Super – Target Market Determination (TMD) available at aware.com.au/tmd, and our product disclosure statement (PDS) available at aware.com.au/pds. These documents are available on our website or call us and we'll send you a copy. 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.