

Retirement Income Strategy

30 November 2024

Legal Super Pty Ltd ABN 37 004 455 789 AFSL 246315 as Trustee for legalsuper ABN 60 346 078 879

1. Support for Fund members approaching retirement

The Trustee's Strategy is to support Fund members as they approach retirement. In particular, the Trustee recognises the importance of assisting Fund members approaching retirement to consider their retirement income needs and objectives rather than solely focusing on their superannuation account balance.

The Trustee provides:

- Financial and superannuation-related videos, fact sheets and webinars covering planning for retirement, available on demand on the Fund's website;
- Click-to-chat feature for support and general advice;
- Retirement projection tools and calculators - which allow members to enter their personal information and project future retirement income levels, account balance, likely Age Pension eligibility and life expectancy probabilities;
- Seminars, webinars and online information covering strategies to increase superannuation account balances, budgeting, planning for retirement and Transition to Retirement (TTR) information - including case studies to show retirement projections and reassure members about retirement comfort levels;
- Client Service Managers who can provide factual information, general advice or a Statement of Advice (SoA) on the TTR product. Client Service Managers also conduct virtual meetings to allow for flexible access to general advice services;
- Access to online general advice to help members budget, set income goals, and provide a plan to help them achieve the amount of income they will need in retirement to live the life they choose;
- Members also can access online investment and insurance advice through their secure member portal account.

The Trustee will continuously update its online education material to assist members who wish to self-serve their retirement information. The Trustee is also undertaking research on member advice needs and how advice can be made available to members, either by way of limited advice on particular topics, or comprehensive advice where a member's needs are more complex.

2. Guidance for Fund members entering and in retirement

The Trustee's strategy is to provide guidance for Fund members entering and in retirement. Members need to balance the objective of maximising their retirement income in the context of desired income stability and sustainability, and flexible access to funds as required. The Trustee recognises that Fund members have different retirement income needs and will place different prioritisation on each of these objectives.

Nurture Campaigns

Pre-retirement nurture campaign

Objective:

To educate members approaching retirement about the benefits of a TTR and/or an Account Based Pension in maximising retirement income.

To highlight how a TTR can be used to grow super savings in the lead up to retirement, and how a pension account allows your super to stay invested in the super system and grow whilst drawing down a regular retirement income.

Purpose:

Many members approaching retirement are unaware that they can keep their money invested in the super system whilst drawing down a pension upon retirement. By choosing a pension product over a lump sum withdrawal, we provide members with more sustainable retirement income, helping to overcome longevity, investment, and inflation risks.

Audience:

Active accumulation members aged 57-64, with no current TTR or pension account.

Retirement nurture campaign

Objective:

Educate current TTR and Pension members about ways they can continue to engage with their retirement savings post-retirement. Also explore the features of each product so they better understand how they can access their money.

Purpose:

Educate members about the ongoing benefits of our retirement products so they can more comfortably provide for their retirement.

Audience:

Existing TTR or Pension members.

3. Appropriate retirement products

The Trustee currently provides a variety of options designed to support the needs of most Fund members in retirement and complement beneficiaries' other sources of retirement income (e.g. the age pension and other savings).

The options are:

1. **Guaranteed Income Account** – legalsuper offers access to a longevity product which has two options available, either a Fixed Term or Lifetime. In exchange for an initial capital investment, a Fixed Term or Lifetime Guaranteed Income Account provides regular payments for a fixed term as selected by the member or for their lifetime. This pays an agreed regular income that lasts for the entire chosen investment period.

2. **Account Based Pension** – legalsuper's Pension account provides regular payments and the option to receive lump sums for members who are no longer working or are eligible to access their superannuation. The account-based pension product provides a choice of eleven investment options which, where possible, are managed to utilise the tax benefit of Australian share franking credits to increase returns to members in retirement. These investment options are:

- Cash
- Conservative
- Conservative Balanced
- Balanced Index
- Balanced
- Growth
- High Growth
- Australian Shares
- Overseas Shares
- Balanced Socially Responsible
- Direct Investment Option (DIO)

These options reflect the fact that members have different financial needs and risk appetite, and no one investment option will suit all members. Members can specify the proportion of funds that are invested in each option and specify what investment option is drawn down first when making pension payments.

In accordance with its product governance policies, the Trustee will monitor whether the retirement income products are:

- Distributed in accordance with the Trustee's product design and distribution obligations;
- Promoting the financial interests of beneficiaries as part of the Trustee's member outcomes framework obligations; and
- Meeting their investment return objectives.

4. Access to advice

Planning for and then managing income in retirement involves multiple decisions and is a difficult process for many Fund members to navigate alone. The Trustee's Strategy is built upon support and guidance. However, many Fund members could benefit from financial advice.

legalsuper's Client Service Managers (CSMs) provide factual information and general advice about legalsuper's products, eligibility for the Age Pension or aged care, the concept of drawing down capital as a form of income and the different types of incomes streams available. This simple, non-ongoing personal advice session about a member's interest in the fund is charged across the membership as intrafund advice.

legalsuper provides members with information about potential income in retirement through superannuation calculators for retirement estimates. legalsuper provide members with access to the following retirement calculators:

- Super contributions comparison – demonstrating the impact of salary sacrifice contributions
- Moneysmart super balance calculator – how much money will I have at retirement?
- Moneysmart retirement planner – what income will I get from super and the age pension when I retire?

The legalsuper CSMs contact members who are approaching retirement with information about different retirement income products offered by the Fund. The CSM makes sure not to make an offer or request an invitation to a member during an unsolicited telephone call, face-to-face meeting or other real time interaction that creates an expectation of an immediate response.

5. Evaluating success

The Trustee understands the importance of tracking the success of its strategies as part of a continual program to improve members' retirement outcomes.

Accordingly, the Trustee measures a range of metrics under the titles of Income, Support and Product, to assess the success of the RIS, to understand how retirement outcomes can be improved, and how the Trustee helps members better achieve and balance the three retirement objectives set out in the RIC.

6. Definitions:

Meaning of retirement income for the purpose of this Strategy

For the purposes of this Strategy, the Trustee has determined the meaning of retirement income to include:

- The regular income a beneficiary receives from an TTR and/or account-based pension or from the Guaranteed Income Account products held with the Fund during the period of retirement;
- The age pension where a member may be eligible based on age and relevant means tests.

Importantly, it does not include any bequests or inheritances – i.e., potential sources of retirement income not spent by the member during the period of retirement.

Meaning of period of retirement for the purpose of this Strategy

The “period of retirement” for legalsuper members covers the period between the start of retirement and the life expectancy of members. The start is generally from preservation age for a member or attaining age 67, up to the life expectancy of members.

However, when guiding members to consider what this means in practice, the Trustee will provide retirement income tools and projections which display the probability of living to each age, as well as the probability of living to the age when their account-based pension is projected to be exhausted.

The information in this page is of a general nature and does not take into account your objectives, financial situation or needs. Before deciding if legalsuper is right for you, please read the Product Disclosure Statement (PDS) and Target Market Determination (TMD). We encourage you to obtain personal advice from a licensed financial adviser before making any decision based on this website. legalsuper handles information in accordance with its Privacy Policy. The relevant PDS, TMD, and Privacy Policy are available on this website. Past performance is not a guide to future performance. Legal Super Pty Ltd ABN 37 004 455 789 ASFL 246315 as the Trustee for legalsuper ABN 60 346 078 879.