

# Target Market Determination

FOR UNISUPER LIFETIME INCOME

## About this document

This Target Market Determination (TMD) seeks to provide individuals who are current UniSuper members and considering acquiring the Lifetime Income product, and distributors of the Lifetime Income product, with an understanding of the types of individuals for whom this product has been designed.

The product design has considered the possible objectives, financial situations and needs of the individuals who fall within the determined target market.

This document is not to be treated as a summary of the product's terms and conditions and is not intended to provide financial advice. The information in this document is of a general nature only and doesn't take into account any person's individual objectives, financial situation or needs. Individuals must refer to the Product Disclosure Statement (PDS) and any supplementary documents and consider obtaining financial advice before making a decision about this product.

### PRODUCT TO WHICH THIS TMD APPLIES

This TMD applies to the Lifetime Income product which is explained in the [Lifetime Income PDS](#). This document is available at [unisuper.com.au/pds](https://unisuper.com.au/pds) or by calling **1800 331 685**.

#### IMPORTANT DATES

|   |                                 |
|---|---------------------------------|
| Date from which this TMD is <b>effective</b>    | 28 September 2023               |
| Date when this TMD will be <b>next reviewed</b> | No later than 28 September 2026 |

## Individuals that fall within this target market

Lifetime Income has been designed for individuals who are looking to invest their superannuation (super) savings in a retirement product that provides the security of a regular, indexed income for life.

A Joint Life option can be selected for those who want to nominate their spouse to receive their income payments as a reversionary pension in the event of their death.

The individuals within the Lifetime Income target market are those seeking an income stream that will adjust annually with regards to CPI increases to augment other retirement income products or savings they have, regardless of how long they live or how investment markets perform (to help manage their longevity risk).

### PROVIDING A RELIABLE INCOME SOURCE FOR LIFE

Lifetime Income can support a member's income needs in retirement by providing consistent income payments for their life which grow over time having regard for increases in inflation and isolated from the movements of investment markets. This income can be combined with income from other super income streams, the government Age Pension, and other investments to fund a member's lifestyle in retirement.

### HELPING MEMBERS MANAGE LONGEVITY RISK

As a lifetime income stream, income payments will continue for a member's lifetime. Where a Joint Life option is selected, income payments will continue for the lifetime of a deceased member's surviving spouse.

The certainty of these payments helps to mitigate against a member's risk of exhausting their super and other savings. It provides the member income for life, creating a living standard above that available solely from the government Age Pension safety net.

## INDIVIDUALS THAT FALL OUTSIDE THIS TARGET MARKET

Lifetime Income has not been designed for individuals who:

- have a terminal medical condition or a limited life expectancy
- don't want to pay additional tax because they have already or may exceed the transfer balance cap by starting a Lifetime Income account
- want to add more money to their account once it has started
- need access to additional money from time to time or as a lump sum in future (such as to retire debt or fund entry to aged care)
- need the flexibility to change or vary the amount of their income payments
- want an active role in the investment and management of their retirement savings
- are uncomfortable to have only a single source of income in retirement or for most of their savings to be invested in this product
- wish to leave a bequest in the event of their death or who wish to grow the value of their super savings.

## PRODUCT DESCRIPTION AND KEY ATTRIBUTES

The key product attributes and eligibility requirements of Lifetime Income are:

### Product attributes

- a regular income for the rest of the member's life, paid fortnightly or monthly
- a Joint Life option to provide a reversionary pension for a nominated spouse in the event of the member's death
- income payments that are indexed by CPI each year having regard for increases in inflation
- income payments that are not affected by investment market movements
- a residual lump sum payment if the member or their spouse (if applicable) dies within the guarantee period (i.e. the lesser of 10 years or the member's life expectancy at commencement)
- access to financial advice from highly qualified and experienced professionals.

### Eligibility

To be eligible to open a Lifetime Income account, the individual must:

- be a UniSuper member,
- have reached preservation age and met a relevant condition of release, and
- have a minimum of \$25,000 to start their account.

## OBJECTIVES, FINANCIAL SITUATION AND NEEDS

Lifetime Income has been designed to be used in conjunction with other super income streams and sources of income to help fund a member's lifestyle in retirement.

A member with the objective of seeking to secure a base level of income each year until they die, which grows with regard to the level of inflation may benefit from a Lifetime Income account.

The certainty of this income regardless of the performance of investment markets and length of the member's life can help enhance the member's lifestyle in retirement and secure a standard of living above the government Age Pension.

It may also be suitable for members who have little or no Age Pension entitlement currently, but who value the peace of mind Lifetime Income provides or may potentially receive a higher Age Pension entitlement than they may otherwise have qualified for due to the treatment of Lifetime Income for social security purposes.

## CONSISTENCY BETWEEN TARGET MARKET AND THE PRODUCT

We have determined that Lifetime Income is likely to be consistent with the likely objectives, financial situation and needs of the types of individuals in the target market. This is based on an analysis of the key terms, features and attributes of the product and a finding that these are consistent with the identified target market. This includes consideration of expected future pricing of the product and whether the target market is appropriate if product costs increase.

## How this product is to be distributed

### DISTRIBUTION CHANNELS

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

- Direct to current UniSuper members
- Financial advisers

through the Lifetime Income paper-based application.

### DISTRIBUTION CONDITIONS

This product should only be distributed to individuals that meet the eligibility requirements as outlined in the PDS.

### ADEQUACY OF DISTRIBUTION CONDITIONS AND RESTRICTIONS

We have determined that the distribution conditions and restrictions will make it likely that individuals who purchase the product are in the target market for which it has been designed. This is based on an assessment of the distribution conditions and restrictions and that they are appropriate and will assist distribution in being directed towards the target market for whom the product has been designed.

## Reviewing this TMD

We will review this TMD as follows:

|                                  |  |
|----------------------------------|--|
| <b>Last review</b>               | 28 September 2023  |
| <b>Next review</b>               | No later than 28 September 2026 (within three years from the last review date) and each three years thereafter.  |
| <b>Review triggers or events</b> | <p>The receipt of an order by a regulator or court, including an order from the Australian Securities and Investments Commission requiring UniSuper to cease retail distribution of this product will trigger a review. The following may (but will not necessarily) constitute a review trigger or event:</p> <ul style="list-style-type: none"> <li>▪ a material change to the design or distribution of the product, including related documentation</li> <li>▪ occurrence of a significant dealing(s), as defined below</li> <li>▪ distribution conditions found to be inadequate</li> <li>▪ identification of significant detriment to members if TMD was not reviewed</li> <li>▪ external events such as adverse media coverage or regulatory attention regarding the design or distribution of the product</li> <li>▪ significant changes in metrics, including, but not limited to: <ul style="list-style-type: none"> <li>- material increase in the rate of complaints lodged with the Australian Financial Complaints Authority (AFCA)</li> <li>- material increase in the proportion of member accounts closed within the cooling off period</li> </ul> </li> <li>▪ persistent member complaints of a similar nature about the product</li> <li>▪ a change has occurred that affects the objectives of the target market</li> <li>▪ the trustee makes a determination for the purposes of s52(9) of <i>Superannuation Industry (Supervision) Act 1993</i> (Member Outcomes Assessment) that the financial interests of the members who hold the product are not being promoted.</li> </ul> |

Where a review trigger has occurred, or an event or circumstance occurs that would reasonably suggest that the TMD is no longer appropriate, this TMD will be reviewed within 10 business days.

## Reporting and monitoring this TMD

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

|   |   |
|---|---|
| <b>Complaints</b>                             | Distributors will report all complaints in relation to the product covered by this TMD within 10 business days after the end of each calendar quarter. This will include written details of the substance of complaints and general feedback received relating to the product and its performance.  |
| <b>Significant dealings</b>                   | <p>Distributors will report if they become aware of a dealing in relation to the product that is inconsistent with this TMD within 10 business days. This will include written details of the substance of the dealing, the date range of when the dealing occurred, the number of members to whom the report relates and whether member harm or detriment has (or likely has) occurred as a result of the dealing.</p> <p>A significant dealing includes circumstances where:</p> <ul style="list-style-type: none"> <li>▪ a member seeks to withdraw their initial investment more than six months after the commencement of their Lifetime Income account</li> <li>▪ a member passes away within three years of commencing their Lifetime Income account, other than due to sudden or unforeseen circumstances.</li> </ul> |
| <b>Acquisitions outside the target market</b> | Distributors will report all acquisitions that are known to be outside of the target market within 10 business days after the end of each calendar quarter. This will include written details of why the acquisition is outside the target market and whether it occurred under personal advice.  |

All information must be reported to [ddo@unisuper.com.au](mailto:ddo@unisuper.com.au).