

# ACTIVE SUPER ACCOUNT-BASED PENSION PLAN

## Target market determination

### 1. About this document

This target market determination (**TMD**) seeks to provide consumers, distributors and Active Super staff with an understanding of the class of consumers for which this product has been designed, having regard to the objectives, financial situation and needs of the target market. This document is not to be treated as an exhaustive summary of the product's terms and conditions and is not intended to provide financial advice. Consumers must refer to the Product Disclosure Statement (**PDS**) and any supplementary documents when making a decision about this product.

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

This TMD applies to the Active Super Account-Based Pension Plan (the **Plan**), which includes a non-commutable Transition to Retirement (**TTR**) pension option. The Plan is referred to in the following Product Disclosure Statement:

- [Account-Based Pension Plan](#)

### Other documents to which this target market determination applies

This TMD applies to the Active Super Account-Based Pension Plan referred to in the following documents:

- [Risk and diversification](#)
- [Taxation](#)
- [How we invest your money](#)
- [Pension payments](#)
- [Fees and other costs](#)

### 2. Important dates

Date from which this target market determination is effective	5 October 2021
Date when this target market determination was last reviewed	Not yet reviewed
Date when this target market determination will next be reviewed	1 April 2022

### 3. Class of consumers that fall within this target market

The information below summarises the overall class of consumers that fall within the target market for the Active Super Account-Based Pension Plan.

This product **is** designed for consumers who:

- Are retired and wish to purchase an income stream pension, or approaching retirement and wish to adopt a TTR strategy.
- Wish to have flexibility to adjust the income payment amount over time.
- Want the ability to make an active investment choice from a range of risk-adjusted investment options.

This product **is not** designed for consumers who:

- Are ineligible to commence an account-based pension or TTR pension under superannuation preservation legislation.
- Want insurance cover through their pension (although this is available for TTR strategy members who also have an Active Super accumulation account to receive contributions).
- Want to invest directly in listed or unlisted equities, or sector specific asset classes such as International equities or Australian equities.
- Want access to passively invested index-based investment options.

### Product description and key attributes

The key eligibility requirements and product attributes of the Active Super Account-Based Pension Plan are:

#### ELIGIBILITY

- Consumers who are eligible to commence an account-based pension or TTR pension under superannuation preservation legislation.
- Consumers who are the recipients of total and permanent disablement, terminal illness or death benefits.
- Consumers who have an existing superannuation, account-based pension, or TTR account who wish to transfer all or a portion of that account into a new account-based pension or TTR account.

#### PRODUCT ATTRIBUTES

- A profit to members account-based pension fund.
- A choice of five investment options, all of which are actively managed with a focus on strong long-term investment performance whilst having a positive ESG impact on the world through our award winning Sustainable and Responsible Investment Policy.

### Objectives, financial situation and needs

The table below sets out the class of consumers that each investment option within the Active Super Account-Based Pension Plan has been designed for.

**INVESTMENT OPTION | THIS OPTION IS DESIGNED FOR MEMBERS WHO****High Growth**

- Want an option which invests approximately 85–95% of funds in growth assets, such as Australian and international shares and property.
- Are seeking to earn high real investment growth above the Consumer Price Index (CPI) over a 10 year period (the target investment return being 3.5% p.a. net above CPI over a rolling 10 year period).
- Are comfortable with the value of their investment fluctuating over the shorter term (the option's risk band<sup>1</sup> is 6 and risk label<sup>1</sup> is HIGH, based on an estimate of 4.2 negative annual returns in any 20-year period).
- Have an investment time horizon of at least 7 years.

**Balanced**

- Want an option which invests approximately 60–80% of funds in growth assets, such as Australian and international shares and property.
- Are seeking to earn real investment growth above the CPI over a 10 year period (the target investment return being 3.0% p.a. net above CPI over a rolling 10 year period).
- Are comfortable with the value of their investment fluctuating over the shorter term (the option's risk band<sup>1</sup> is 5 and risk label<sup>1</sup> is MEDIUM TO HIGH, based on an estimate of 3.4 negative annual returns in any 20-year period).
- Have an investment time horizon of at least 5 years.

**Conservative Balanced**

- Want an option which invests approximately 42–62% of funds in growth assets, such as Australian and international shares and property, semi liquids and private equity and the balance in income-producing assets such as interest-bearing securities.
- Are seeking to earn real investment growth above the CPI over a 10 year period (the target investment return being 2.0% p.a. net above CPI over a rolling 10 year period).
- Are comfortable with the value of their investment fluctuating over the shorter term (the option's risk band<sup>1</sup> is 4 and risk label<sup>1</sup> is MEDIUM, based on an estimate of 2.3 negative annual returns in any 20-year period).
- Have an investment time horizon of at least 3 years.

**Conservative**

- Want an option which invests approximately 20–40% of funds in growth assets and the balance in income-producing assets such as interest-bearing securities.
- Are seeking an option more suitable for shorter-term investing with good security and some potential for growth (the target investment return being 1.5% p.a. net above CPI over a rolling 10 year period).

- Are comfortable with the value of their investment fluctuating, albeit to a lesser extent than the High Growth, Balanced Growth and Balanced options (the option's risk band<sup>1</sup> is 2 and risk label<sup>1</sup> is LOW, based on an estimate of 0.7 negative annual returns in any 20-year period).
- Have an investment time horizon of at least 2 years.

#### Managed Cash

- Want an option which invests 100% of funds in defensive assets such as cash, term deposits and money market securities.
- Are seeking an option with exposure to investments in money market securities with a very low risk of capital loss (the target investment return being 0.2% p.a. net above the cash rate (as measured by the Bloomberg AusBond Bank Bill Index) over a rolling 10 year period).
- Are short term investors or seeking exposure to investments in money market securities with a very low risk of capital loss (the option's risk band<sup>1</sup> is 1 and risk label<sup>1</sup> is VERY LOW, based on there being no negative annual returns in any 20-year period).
- Have an investment time horizon of at least 2 years.

<sup>1</sup>The risk band and risk label are determined using the Standard Risk Measure (**SRM**) methodology which focuses on the number of negative returns each investment option would be expected to achieve over the course of a 20-year period. Further information can be found in the [Risk and diversification](#) factsheet.

## Consistency between target market and the product

This product is likely to be consistent with the objectives, financial situation and needs of the class of consumers in the target market. This is based on our analysis of the key terms, features and attributes of the product and our finding that these are consistent with the identified class of consumers.

#### The Active Super Account-Based Pension Plan:

- Fulfils a need for consumers in the target market;
- Includes features/attributes that are consistent with the objectives, financial situation and needs of the target market;
- Benefits the consumers in the target market;
- Delivers on what was promised; and
- Has previously benefited target market consumers in the past.

The Active Super Account-Based Pension Plan will be next reviewed on 1 April 2022, unless a review trigger occurs before that time (see section 5 below for an outline of review triggers). During the review LGSS Pty Limited will carefully consider whether the Active Super Account-Based Pension Plan continues to be suitable for consumers in the target market.

## 4. How this product is to be distributed

### Distribution channels

The Active Super Account-Based Pension Plan is designed to be distributed via the following channels:

- Directly: By applying for membership online or by completing our application for membership
- Authorised Representatives of the Plan; and
- Third party financial advisers.

### Distribution conditions

The Active Super Account-Based Pension Plan should only be distributed where the prospective member is an Australian resident and is eligible to commence an account-based pension or TTR pension.

### Adequacy of distribution conditions and restrictions

We have determined that the distribution conditions and restrictions will make it likely that consumers who purchase the product are in the class of consumers for which it has been designed. We consider that the distribution conditions and restrictions are appropriate and will assist distribution in being directed towards the target market for whom the product has been designed.

## 5. Reviewing the target market determination

This target market determination will be reviewed in line with the following:

REVIEW	
Initial review	1 April 2022
Next periodic review	1 April 2022 and annually thereafter
Review triggers or events	<ul style="list-style-type: none"><li>• A material change to the design or distribution of the product</li><li>• Legislative change that comes into effect that significantly impacts the design and distribution of the product and results in this TMD no longer being appropriate</li><li>• A significant dealing not in line with this TMD occurring, which results in this TMD no longer being appropriate</li><li>• The trustee makes a determination for the purposes of s52(9) of the Superannuation Industry (Supervision) Act 1993 (Member Outcomes Assessment) that the financial interests of the customers who hold this product are not being met</li><li>• Adverse findings by a regulator</li><li>• Adverse media coverage substantiated by LGSS Pty Limited</li></ul>

- Unexpected and significant increase in member commutations
- High volumes of unexpected investment switching activity
- Excessive substantiated member complaints over a prolonged period in relation to the design of the product, its features, its availability and/or its distribution.

## 6. Reporting and monitoring this target market determination

LGSS Pty Limited will seek the following information from the distributors of this product. For convenience, we have developed a template report which you can download from [here](#).

### INFORMATION

#### Complaints

- Unless the number of complaints received is nil, all distributors will report the number of complaints received in relation to the Active Super Account-Based Pension Plan on a quarterly basis.
- Complaints reported should be complaints made in relation to:
  - The design of the product
  - The features of the product
  - The availability of the product
  - The distribution of the product.
- Information to be provided should include:
  - The volume of complaints received
  - The date each complaint was received
  - Details of each complaint received.
- As well as providing details of complaints, distributors will be encouraged to provide general feedback in relation to the product and their views on its performance.

#### Significant dealings

- If a distributor becomes aware of a significant dealing not in accordance with the target market, they will advise LGSS Pty Limited as soon as possible and no later than 10 business days of becoming aware of the significant dealing.
- The distributor must:
  - Provide details of the significant dealing
  - Advise when the significant dealing occurred
  - Advise why the significant dealing occurred
  - Advise how many consumers were impacted
  - Advise if consumers were adversely affected by the significant dealing.

This Target Market Determination (TMD) is issued by LGSS Pty Limited (ABN 68 078 033 497) as Trustee for Local Government Super (ABN 28 901 371 321) ('Active Super') in accordance with section 994B of the Corporations Act 2001 (Cth). This TMD is not a product disclosure statement and is not a summary of the product features or terms of the product.

This TMD does not take into account any person's individual objectives, financial situation or needs. Before making a decision about the Active Super Account-Based Pension Plan, you should consider whether or not this product is appropriate for you by reading the Product Disclosure Statement available from Active Super at [activesuper.com.au](https://activesuper.com.au) or by calling 1300 547 873.