



# Retirement income strategy summary

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# 1. Retirement income strategy – on a page

## Retirement income strategy



Our Retirement income strategy is designed to help members maximise their retirement income.

Section 52(8A) of the Superannuation Industry (Supervision) Act 1993 (SIS Act) requires the Trustee document its Retirement Income Strategy (Strategy) and the steps and decisions followed in formulating the Strategy.

The summary below sets out key aspects of our Strategy.

Vision Super's retirement income strategy has been formulated for members who are approaching or in retirement. The Trustee recognises the importance of assisting members plan for and manage their retirement income.

The strategy outlines generally how the Trustee intends to assist members covered by the strategy to achieve and balance the following objectives:

- > Maximising their expected retirement income
- > Managing expected risks to the sustainability and stability of their expected retirement income; and
- > Having flexible access to expected funds during retirement.

The Trustee aims to provide members assistance by way of providing a combination of support, guidance, and the appropriate retirement income products.

### Objectives of the Retirement Income Covenant



Maximising the expected retirement income of members over the period of retirement.



Managing the expected risks to the sustainability and stability of members' retirement income.



Ensuring that members have flexible access to expected funds during retirement.

### Summary of Vision Super's current approach



Currently the Trustee provides;

- > an Account-based pension
- > Three Bucket Pension Strategy
- > a Non-commutable Account based pension
- > Choice of investment options including lower volatility options, cash and similar
- > Retirement Bonus (where member qualifies)



Currently the Trustee provides;

- > Product Disclosure statements
- > Annual Statements
- > Brochures
- > Booklets
- > Educational Videos



Currently the Trustee provides;

- > Retirement calculators
- > Budgeting tools
- > Member Portal
- > Phone based support

The Trustee also provides guidance and assistance to help those members who seek assistance to solve for these matters

In the future, Vision Super aims to explore the viability of other retirement income solutions which may better meet the needs of our members, as well as a review of potential enhancements to existing products, and the development of additional tools and calculators to assist members before, during and after retirement.

## 2. Background and approach

Vision Super is committed to helping members create the future they want. Currently the Fund's membership sits across our accumulation, retirement, and defined benefit (DB) products.

Currently the members are segmented across both account balance and age, with the average Vision Super member being 50 years of age with an account balance of \$137,000. These profiles differ across products and are factors that have been considered in developing this strategy. This strategy focuses on members who are over the age of 55 and are either in retirement or are approaching retirement.

The information gathered to form this strategy has been broad in nature, to enable Vision Super to form an understanding of the members of the Fund covered by this strategy. The information gathered to date includes surveying of members, both conducted by the Fund and most recently in partnership with Frontier Advisors Pty Ltd ('Frontier'). Existing member data has also informed this strategy.

In formulating this strategy, Vision Super has considered the retirement needs of our members, noting the identified cohorts will include members with different situations and circumstances. The insights gained from both the Frontier survey and what we know of our members clearly demonstrates that retirees want products and services that address several often-complex considerations, including flexibility, risk and expected retirement income.

Over 60% of survey respondents<sup>1</sup> advised they were looking to their superannuation fund to help with financial information about retirement. Financial advisers and accountants were the next most popular choices. A quarter of respondents plan to seek the help of family and/or friends. The results of the survey have driven both the development of our member cohorts and the strategy itself.

### Defining these assistance factors

What level of assistance does a member want and need? Creating cohorts by an assistance factor enables Vision Super to identify cohorts of members that have different expectations as they plan for and enter retirement. We have defined the assistance factors as below.

1. **Help me** – members who were looking to Vision Super to help and inform them of the options and choices available
2. **Guide me** – members looking to extend their existing relationship with the Fund where they may have been in a default MySuper product and are looking for a similar retirement solution. A hands-off approach where they are guided by the Trustee
3. **Leave it to me** – confident members who will decide their own path
4. **Advise me** – members in this cohort are looking for an advice solution in selecting a retirement product.

Seven member cohorts have been developed with the central factor being assistance. Members will be split across the four assistance factors as defined above. These cohorts will be split further by member's superannuation balance (+/- \$150,000) to give consideration and support to members who may be eligible for government benefits along with a cohort for Define Benefit ('DB') which includes members who have the option to take their retirement benefit as a lifetime pension.

1. Help me (less than \$150K)
2. Help me (more than \$150K)
3. Leave it to me
4. Guide me (less than \$150K)
5. Guide me (over \$150K)
6. Advise me
7. DB members.

<sup>1</sup> Frontier Collective Member Survey March 2022

Assistance has been selected as the primary factor as retirees generally have not, on their own, understood what product or combination of products may produce the best retirement outcome. With suitable assistance and help, Vision Super can ease some of the burden by providing the appropriate support at a cohort level to help members balance the following:

- > Maximise their expected retirement income
- > Manage the expected risks to the sustainability and stability of their expected retirement income; and
- > Flexible access to expected funds during retirement

**Note:** all guidance and support will be provided within existing legal and regulatory requirements (including anti-hawking laws). Any assistance provided by the trustee to give effect to their retirement strategy will comply with financial advice rules.

### 3. Vision Super retirement income strategy – cohort basis

The table below provides a summary of the potential strategies, assistance, and products to be provided to members of the seven identified cohorts within this retirement income strategy.

Cohort	Potential strategies	Other assistance	Product
<b>Help me</b> Less than \$150k	<ul style="list-style-type: none"> <li>&gt; Target help <b>and guidance to assist members within this cohort to make an informed choice</b> in selecting a suitable retirement solution that meets their needs</li> <li>&gt; Communications and strategies with an Age Pension focus</li> <li>&gt; Available tools and calculators to include Age Pension eligibility and impact on retirement outcome</li> </ul>	<ul style="list-style-type: none"> <li>&gt; Include segmented communication to gather deeper member insights</li> <li>&gt; Support increased financial literacy and campaigns to maximise accumulation benefit</li> <li>&gt; Provide further information about Age Pension and interplay with superannuation</li> </ul>	<ul style="list-style-type: none"> <li>&gt; Account based pension</li> <li>&gt; Three Bucket Pension strategy*</li> </ul>
<b>Help me</b> Over \$150k	<ul style="list-style-type: none"> <li>&gt; Target help and guidance to assist members within this cohort to make an informed choice in selecting a suitable retirement solution that meets their needs</li> <li>&gt; Communications and strategies that include the concept of drawing down capital as a form of income and the different types of incomes streams that are available</li> <li>&gt; Available tools to include longevity calculator and impact on retirement outcome</li> </ul>	<ul style="list-style-type: none"> <li>&gt; Include segmented communication to gather deeper member insights</li> <li>&gt; Support increased financial literacy and campaigns to maximise accumulation benefit</li> <li>&gt; Provide further information on longevity solutions and available products</li> </ul>	<ul style="list-style-type: none"> <li>&gt; Account based pension</li> <li>&gt; Possible longevity product</li> </ul>
<b>Leave it to me</b>	<ul style="list-style-type: none"> <li>&gt; Cohort will be part of standard fund segmentation with members in this cohort receiving generic communication about planning for retirement, service offering and products available</li> </ul>	<ul style="list-style-type: none"> <li>&gt; Listen to member feedback and assist member queries</li> </ul>	<ul style="list-style-type: none"> <li>&gt; Self-serve solution best suited to member, including Account based pension, Three Bucket Pension strategy* and possible longevity solution</li> </ul>
<b>Guide me</b> Less than \$150k	<ul style="list-style-type: none"> <li>&gt; Support and enable members to opt into the appropriate simple and low fee default super product</li> <li>&gt; Communications and strategies to help improve financial confidence and continue the "trusted" relationship within this cohort</li> <li>&gt; Develop tools to integrate current service and product offerings into an opt-in retirement solution</li> </ul>	<ul style="list-style-type: none"> <li>&gt; Engagement with digital tools and calculators to build trust and financial literacy</li> <li>&gt; Include in segmented communication, including engagement to gather deeper member insights</li> <li>&gt; Guide member from accumulation to de-accumulation</li> </ul>	<ul style="list-style-type: none"> <li>&gt; Three Bucket Pension strategy*</li> </ul>

\* Three Bucket Pension strategy is a pre-mixed retirement strategy designed to provide members with a stable, regular pension stream over time, by investing in three of the Fund's investment options (cash, conservative and growth).

Cohort	Potential strategies	Other assistance	Product
<b>Guide me</b> Over \$150k	<ul style="list-style-type: none"> <li>&gt; Support and enable members to opt into the appropriate simple default super product</li> <li>&gt; Communications and strategies to build confidence and continue the “trusted” relationship within this cohort</li> <li>&gt; Develop tools to integrate current service and product offerings into an opt-in retirement solution</li> </ul>	<ul style="list-style-type: none"> <li>&gt; Include in segmented communication, including engagement to gather deeper member insights</li> <li>&gt; Guide member from accumulation to de-accumulation</li> </ul>	<ul style="list-style-type: none"> <li>&gt; Account based pension</li> <li>&gt; Three Bucket Pension strategy*</li> </ul>
<b>Advise me</b>	<ul style="list-style-type: none"> <li>&gt; Targeted limited and comprehensive advice and determine if a one-to-one interaction is appropriate to support the best mix of products/assets and any further implications</li> <li>&gt; Communications and strategies with Age Pension implications mentioned but not at forefront, focus of communications will be methods to access advice</li> <li>&gt; Communications with focus on investment products and inherent benefits and risks. Longevity calculator may provide further cohort value</li> </ul>	<ul style="list-style-type: none"> <li>&gt; Engage with members within the advice framework</li> </ul>	<ul style="list-style-type: none"> <li>&gt; Full product range including advice support</li> </ul>
<b>DB and lifetime members</b>	<ul style="list-style-type: none"> <li>&gt; Targeted limited and comprehensive advice and determine if a one-to-one interaction is appropriate to support the best mix of products/assets and any further implications</li> <li>&gt; Dedicated communications strategy to support members with Lifetime benefits and understanding the complexity of options available</li> <li>&gt; Longevity calculator may provide further cohort value</li> </ul>	<ul style="list-style-type: none"> <li>&gt; Engage with members within the advice framework</li> </ul>	<ul style="list-style-type: none"> <li>&gt; Lifetime pension</li> <li>&gt; Full product range including advice support</li> </ul>

\* Three Bucket Pension strategy is a pre-mixed retirement strategy designed to provide members with a stable, regular pension stream over time, by investing in three of the Fund’s investment options (cash, conservative and growth).

## 4. Strategy implementation and next steps

Identification of which retirement solution is likely to be in the best financial interest of members of a cohort under a range of retirement solutions and scenarios is work that will continue to evolve over time. Metrics that place a value on a member’s overall retirement outcome will be the foundation for this assessment, considering both accumulation and pension phase.

Longevity protection has also been identified through the member survey as a product solution to review and consider. Vision Super has already invested considerable time and effort in collectively designing a retirement income solution which better meets the needs of members. The Fund will continue to explore the viability of such an offering.

## Need more help?



If you would like further information about your super or any of our products and services, please call our Member Services team on **1300 300 820**. You can also refer to our website for forms and other fact sheets.

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