Equity Trustees

Effective Date: 5 December 2024

RETIREMENT INCOME STRATEGY

Smart Future Trust (Smart FT or Fund) ABN 68 964 712 340 issued by
Equity Trustees Superannuation Limited (ETSL or Trustee) ABN 50 055 641 757 AFSL 229757.

PURPOSE

This document is a summary of the Trustee's Retirement Income Strategy (RIS or Strategy) for the Fund and seeks to provide key principles and set minimum requirements which apply to ensure that the Fund continues to meet the retirement income needs of its members, both in and approaching retirement.

The Trustee will review this RIS each year and update the strategy at least every 3 years.

FUND OVERVIEW

FUND STRATEGY

The Trustee's overall objective for the Fund is to make a difference in members' lives by connecting them and their financial advisers (if applicable) to innovative financial solutions within the superannuation environment that promote better retirement outcomes.

FUND OFFER

The Fund provides members with an account-based pension, including a transition to retirement pension, offering a range of investment options enabling the creation of solutions to suit members' individual circumstances and retirement goals.

MEMBERSHIP PROFILE

As of 31 March 2024, approximately 4% of members were aged over 65 and 22% fell within the class of beneficiaries of the Fund who are either retired or are approaching retirement (i.e. aged 55 years or more):

AGE GROUP	NUMBER OF MEMBERS	ACCOUNT BALANCES ($M)
Aged below 55	183,802	3,424
Aged 55 – 64	41,993	1,648
Aged above 65	9,385	663
Total	**235,180***	**5,734**

*Noting that the above data includes a significant number of insurance-only Fund members

RETIREMENT INCOME STRATEGY

The Retirement Income Covenant requires trustees of superannuation funds to have a strategy for members approaching and in retirement. Overall, the strategy considers the income needs of members and identifies the services and products that the Fund is able to offer to its members.

For the purpose of the RIS, the Trustee has determined that age 50 is typically the age that members should start planning for retirement by both taking into account ABS research and recognising that the earliest members can start their account-based pension is when they reach preservation age (currently 60 years of age). Further, the Trustee's determination extends to members who have attained age 55 fall within the class of beneficiaries of the Fund who are either retired or are approaching retirement. The Trustee has made this determination on the basis that the average age people intend to retire is 65.5 years, whilst the average age of all retirees is 56.3 years[1].

The Trustee has determined the "period of retirement" for a member to be the period from when a member selects to invest in a retirement income product, such as an account-based pension, until death. Life expectancy for a 65-year-old is 85 for males and 87.7 for females. Hence this will typically be a period of at least 20 years.

Therefore, the aim of the strategy is to assist members to achieve and balance three key objectives over the above timeframes:

- **maximise expected retirement income** over the period of retirement;
- **manage the expected risks** to the sustainability and stability of retirement income over the period of retirement, including longevity risks, investment risks, inflation risks and any other relevant risks; and
- **have flexible access** to expected funds over the period of retirement.

This document provides a summary of how we intend to support the Fund's membership base to achieve and balance these objectives.

WHO IS COVERED BY OUR STRATEGY

The Trustee is required to determine the class of members who are retired or approaching retirement for the purposes of the Strategy.

ACCUMULATION	PRE-RETIREMENT	TRANSITION TO RETIREMENT	IN RETIREMENT
• Under preservation age, not met a condition of release • Growing their superannuation balance.	• 50 – 60 years • Members in accumulation phase and still contributing to superannuation. • Have commenced planning for retirement or are thinking about it.	• 60 to 75 years • Recently retired or transitioning to retirement. • Members in accumulation phase and may still be contributing to superannuation but potentially with reduced work hours and drawing a transition to retirement pension.	• Members who have reached preservation age or met a condition of release • Members in an account-based pension product

Retirement Income

The Trustee recognises that everyone's retirement journey is unique and so their income needs may differ depending on their circumstances. Consequently, the Trustee has determined "retirement income" comprises:

- Income received by a member from the member's superannuation assets within the Fund whether received in the form of a pension or lump sum withdrawals;
- Age Pension payments received by the member; and
- All other income that the member may receive in retirement including:
  - Income from other superannuation funds;
  - Non-superannuation income; or
  - All other income earnt by a spouse or partner.

[1]Australian Bureau of Statistics (Retirement and Retirement Intentions, Australia; 2020-21; released 29 Aug 2023)

The Age Pension eligibility may be a key consideration of members' retirement strategy. The table below provides an illustration for potential income sources in retirement based on members' current financial position, including any age pension entitlements.

ASFA RETIREMENT PROJECTIONS	LOW PROJECTED ACCOUNT BALANCE	MEDIUM PROJECTED ACCOUNT BALANCE	HIGH PROJECTED ACCOUNT BALANCE
Projected Superannuation Assets	Under $200,000	$200,000 to $690,000	Over $690,000
Potential Age Pension Entitlements	Full	Full / Part	Part / None
Other incomes	Superannuation savings	Superannuation savings and some savings & investments	Superannuation savings and other savings & investments

Retirement Products

The purpose of the Trustee RIS is to provide members with products, tools and resources to assist them in achieving their targeted outcome in retirement.

The Fund currently provides members with a range of superannuation products to assist in saving and accumulating funds for retirement including an Account Based Pension product which provides members with a regular income and a Transition to Retirement (TTR) Pension Product.

With both types of pensions, members can choose the amount they receive between the minimum and maximum if any, and how often they are paid ranging from fortnightly to annually.

The minimum account balance required is $20,000 and members can invest from a choice of three investment options.

Members can either make a lapsing binding death benefit nomination or a non-binding death benefit nomination. Alternatively, members can nominate a reversionary beneficiary to receive pension payments instead of a lump sum.

Development is underway to review and refresh the Fund's pension option It is anticipated that this will be available to new members in 2025.

Retirement Support

The purpose of the Trustee RIS is to provide members with products, tools and resources to assist them in achieving their targeted outcome in retirement.

This section summarises the support the Trustee has in place, or intends to implement, to assist members achieve and balance their retirement objectives.

Maximise expected retirement income

To assist members in understanding how to maximise their retirement income, or to achieve a level of income that meets their income needs in retirement, the Trustee and Fund will provide, or implement support solutions to provide:

- **Intrafund advice** – Members have access to limited personal advice regarding transition to retirement, pension options and the impact of 'Age Pension' benefits via a smartCoach, noting this is service for an additional fee paid directly by the member that cannot be deducted from the pension account.
- **Calculators** – Provide access to calculators to assist members in understanding their likely income and capital needs in retirement.
- **Educational materials** – Provide resources to help members understand more about their superannuation and key retirement topics by providing access to articles, fact sheets and/or webinars.
- **Member communications** – Provide targeted communications to members to assist member understanding of the assistance measures available to them as they approach retirement and during retirement.

- **Other services** – Discovery and analysis of an external communication and education will take place during Q3 2024. In the interim, communication and education services will be provided in-house.

Manage the expected risks

The Trustee will assist members with understanding key risks to the sustainability and stability of their retirement savings and income. Common risks include:

- **Longevity risk –** the risk that a member will outlive their retirement savings;
- **Investment risk –** spanning several risks that may impact a member's ability to achieve the desired level of retirement income; and
- **Inflation risk –** the risk that a member's income does not maintain its purchasing power over time.

To assist members in managing these risks, the Trustee has implemented the following assistance measures:

- **Annual performance review** – The Trustee conducts overall regular performance monitoring programs, including assessing each investment option's returns against various thresholds and benchmarks. The review highlights investment options that are underperforming their investment objectives or benchmarks. This information is available to members through various publications such as Fund Report, Annual Statement and member online access (where available).
- **Calculators** – Provide calculators to assist members in understanding the impact of various decisions, such as investment selection and income and capital drawdowns, on their retirement savings.
- **Educational materials** – Expand resources to help members understand more about how to manage some of the key risks associated with the investment of their superannuation savings.
- **Member communications** – To ensure members are aware of the potential risks to the sustainability and stability of their retirement income, the Trustee provides information through the following:
    - Mandated disclosures, such as Product Disclosure Statements, Target Market Determinations and Fund Reports;
    - Factsheets, presentations and marketing materials or
    - Member service centres and intrafund advice, where available.

Have flexible access to expected funds

The retirement products that the Trustee offers to members provide them with full access to their superannuation capital once they have met a condition of release. The Trustee will or is proposing to implement, the following assistance measures:

- **Calculators –** Provide calculators to assist members in understanding the effect of a lump sum withdrawal on their retirement savings and subsequent pension payments.
- **Educational materials –** Provide information on how to withdraw a lump sum from an accumulation or pension account. The Trustee will also develop further resources to help members understand more about alternative sources of funds in retirement.

DISCLAIMER

The information contained in this document is general information only and is not intended to be construed as either personal advice or a product recommendation.

You should make your own enquiries as to the suitability of a product for your personal financial needs and circumstances and obtain and read a copy of the relevant PDS (including any incorporated information and the Target Market Determination) for further information on its suitability before making an investment and/or insurance decision.

Equity Trustees Superannuation Limited (ETSL) ABN 50 055 641 757 AFSL 229757, Trustee of the Smart Future Trust (SFT) ABN 68 964 712 340.