

# RETIREMENT INCOME STRATEGY (PEARLER)

Pearler Super is a product offering within Super Simplifier (Fund) ABN 36 526 795 205 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 Pearler Super offer (**Pearler Super, Offer**) 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.

## OFFER OVERVIEW

### OFFER STRATEGY

The Trustee's overall objective for the Offer 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.

### PEARLER SUPER OFFER

Pearler Super provides a direct-to-consumer app-based superannuation accumulation solution, leveraging Super Simplifier (SS) product structure with a subset of the SS investments approved product list. At the time of product launch, Pearler Super will not offer a retirement income product to members.

### MEMBERSHIP PROFILE

The Pearler Super product offering within the Super Simplifier fund will be launched in December 2024 and will be offered to existing retail customers of Pearler Investments Pty Ltd (trading as Pearler) and broadly to potential customers who have similar demographic characteristics, who are born on or before 31 December 1969. Pearler currently has approximately 70,000 retail investors, predominately aged between 20-45 with an average age of approximately 32.

It's expected that the target market for Pearler Super will expand over time in line with the Trustee's and Fund's strategy to develop retirement income solutions for members of Pearler Super.

## 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 55 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<sup>1</sup>.

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** prior to and 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
<ul style="list-style-type: none"> <li>• Under preservation age, not met a condition of release.</li> <li>• Growing their superannuation balance.</li> </ul>	<ul style="list-style-type: none"> <li>• 50 – 60 years</li> <li>• Members in accumulation phase and still contributing to superannuation.</li> <li>• Have commenced planning for retirement or are thinking about it.</li> </ul>	<ul style="list-style-type: none"> <li>• 60 to 75 years</li> <li>• Recently retired or transitioning to retirement.</li> <li>• Members in accumulation phase and may still be contributing to superannuation but potentially with reduced work hours and drawing a transition to retirement pension.</li> </ul>	<ul style="list-style-type: none"> <li>• Members who have reached preservation age or met a condition of release.</li> <li>• Members in an account-based pension product</li> </ul>

#### 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

<sup>1</sup>Australian Bureau of Statistics (Retirement and Retirement Intentions, Australia; 2020-21; released 29 Aug 2023)

- All other income earned by a spouse or partner.

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.

Pearler Super does not currently provide an Account Based Pension or Transition to Retirement Pension noting the younger target market demographic.

A retirement solution is in scope for Pearler Super and will coincide with the expansion of the Offer's target market.

A review of the target market and retirement solution will be undertaken 12 – 18 months from the launch of the Pearler Super offer.

Within the Super Simplifier fund and across a range of other super funds in the market, there are Account-based Pension and TTR products available to an individual.

The Trustee considers that members are most appropriately assisted by providing access to relevant information and to encourage them to obtain personal advice.

### 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 the 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 also provide, or implement support solutions to provide:

- **Calculators** – Provide access to ASIC calculators to assist members in understanding their likely income and capital needs in retirement.
- **Educational materials** – Provide access to ASIC 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 encourage them to access ASIC tools and materials. as they approach retirement and during retirement. Age based nudges will be available via the Pearler Portal directing members to ASIC’s MoneySmart web page resources as well as encouraging members to consider getting their own advice for a more comprehensive review of their overall financial needs and retirement objectives.

#### 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:

- **Investment choice** – The Trustee provides members with a range of investment options across various asset classes and different risk profiles to support a member’s retirement assets over varying horizons.
- **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 may have experienced a negative return over various time periods regardless of market movement and conditions. This information is available to members through various publications such as Fund Report, Annual Statement and member online access (where available).
- **Calculators** – Provide access to ASIC 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** – Provide access to ASIC 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 intra-fund 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. Refer above to the additional assistance measures that are available.

## 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 or Trustee) ABN 50 055 641 757 AFSL 229757, Trustee of Super Simplifier (Fund) ABN 36 526 795 205.